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MEMORANDUM

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ORIGINAL

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: February 21, 2014

RE: STAFF REPORT FOR SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.'S APPLICATION FOR A DETERMINATION OF THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN, AND FOR RELATED APPROVALS. (DOCKET NO. E-01575A-13-0296)

Attached is the Staff Report for Sulphur Springs Valley Electric Cooperative, Inc.'s application for a rate increase for a cooperative pursuant to A.A.C. R14-2-107. A.A.C. R14-2-107 is the streamlined processing of cooperative rate applications. Staff believes the increase proposed by Sulphur Springs Valley Electric Cooperative, Inc. in its rate application is reasonable and recommends an increase in base revenue equal to 4.92% over adjusted test year base revenue (the increase in total revenue is equal to 4.49% over adjusted test year total revenue) resulting in a rate increase of \$4,886,307 as filed in its rate application. Staff is not requesting that a hearing be held in this matter.

Steven M. Olea, Director
Utilities Division

Arizona Corporation Commission

DOCKETED

FEB 21 2014

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DOCKETED BY	
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Originator: Ranelle S. Paladino

Attachment: Original and Thirteen copies

Service List for: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01575A-13-0296

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

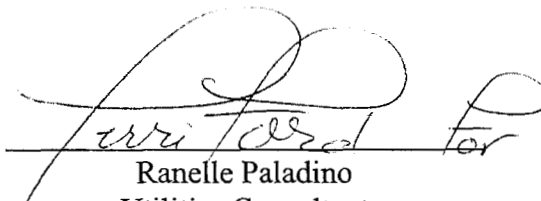
DOCKET NO. E-01575A-13-0296

**IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC., FOR A DETERMINATION OF THE FAIR VALUE
OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN THEREON, TO APPROVE RATES DESIGNED
TO DEVELOP SUCH RETURN, AND FOR RELATED APPROVALS.**

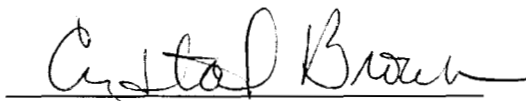
FEBRUARY 21, 2014

STAFF ACKNOWLEDGMENT

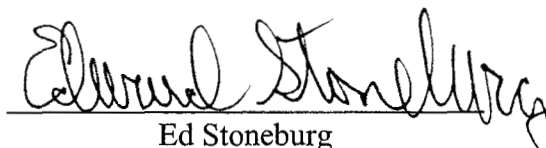
The Staff Report for Sulphur Springs Valley Electric Cooperative, Inc. ("Cooperative"), Docket No. E-01575A-13-0296, was the responsibility of the Staff members listed below. Ranelle Paladino was responsible for the review and analyses of the Cooperative's application and rate design. Crystal Brown was responsible for the recommended revenue requirement and rate base. Ed Stoneburg was responsible for the engineering and technical analysis. Richard Martinez was responsible for reviewing the Commission's records on the Cooperative, determining compliance with Commission policies/rules and reviewing customer complaints filed with the Commission.



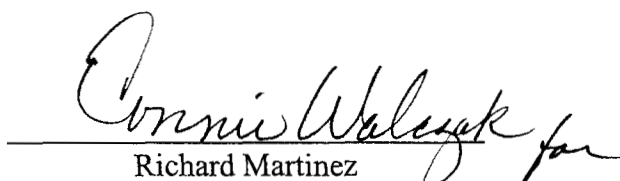
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EXECUTIVE SUMMARY
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01575A-13-0296

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative") is a member-owned Arizona non-profit cooperative. SSVEC is a public service corporation providing electric distribution service to approximately 51,000 customers in parts of Cochise, Santa Cruz, Pima and Graham counties. SSVEC is a Class A Utility under A.A.C. R14-2-103(A)(3)(q).

SSVEC proposed a \$4,886,307 or a 4.49% revenue increase from adjusted test year total revenues (this increase is a 4.92% revenue increase from adjusted test year base revenue). The proposed revenue would produce an operating income of \$6,747,430 resulting in a 3.43 % rate of return and a net income of \$9,867,587. The Cooperative's requested rates would increase a residential customer's bill, with average usage of 720 kWh, by \$5.13 (5.35%) from \$95.87 to \$101.00. The median residential customer with a monthly consumption of 602 kWh would see an increase in his/her bill of \$4.61 (5.66%) from \$81.51 to \$86.12.

Staff and SSVEC are in agreement on all issues in this case. Staff recommends adoption of SSVEC's proposed revenue requirement of \$113,599,568.

STAFF'S RECOMMENDATIONS

Staff makes the following recommendations:

1. The Commission should approve SSVEC's rates as proposed in the rate application filed on September 30, 2013.
2. The Cooperative should file with Docket Control, as a compliance item in this Docket, tariffs with a new schedule of rates and charges on or before May 1, 2014.
3. The Cooperative should notify its customers of the revised schedules of rates and charges in a form acceptable to Staff included in its next regularly scheduled billing and by posting on its website.
4. The Cooperative's base cost of power should remain at \$0.072127 per kWh.
5. The rates and charges proposed by SSVEC in the rate application meet the conditions of the ordering paragraph on page 50 of Decision No. 71274 requiring SSVEC to file detailed and conventional unbundled rates.

Introduction

On February 6, 2013, the Arizona Corporation Commission ("Commission") adopted a new section in the Arizona Administrative Code ("A.A.C.") R14-2-107, entitled "Electric or Natural Gas Cooperative Alternative Rate Application Filing Requirements and Process" ("Rule 107").

Rule 107 established definitions, eligibility requirements, pre-filing requirements, notice requirements, filing requirements, and deadlines for objections and intervention requests; established the process and timeline for Staff analysis and processing of a cooperative's rate application filed under Rule 107; and allows a cooperative to request processing of its application under Rule 103 if it is determined to be ineligible for processing under Rule 107.

Rule 107 also allows for Staff, a cooperative, or an intervenor to request an evidentiary hearing. A cooperative is allowed to request withdrawal of its rate application, and the Hearing Division is required to rule on a request for hearing or request for withdrawal and to preside over all further proceedings if an evidentiary hearing is granted. In addition, Rule 107 caps a revenue increase in a rate case at six percent of a cooperative's actual test year total base revenue; permits a cooperative to have a maximum of five Rule 107 rate cases within a 15-year period between Rule 103 rate cases; permits a cooperative to file only one Rule 107 rate application in any 12-month period; and allows the Commission at any stage of a Rule 107 rate case to determine that a cooperative's rate application must instead proceed under Rule 103.

On July 26, 2013, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative") began the process of a rate application under Rule 107. On that day, SSVEC met with Staff to formally submit a Request for Pre-Filing Eligibility Review in accordance with A.A.C. R14-2-107(C). The pre-filing eligibility review included a draft application, a proposed form of customer notice, and a proposed form of recommended order.

Over the next 30 days, Staff reviewed the draft application assessing Rule 107 compliance and also worked with SSVEC to revise the customer notice so it correctly highlighted the implications of a filing under Rule 107 and the possible bill impacts of the rate increase.

After meeting with Staff to determine eligibility under A.A.C. R14-2-107(B), SSVEC filed a Request for Docket Number and Notice of Filing Proposed Form of Customer Notice. SSVEC mailed Customer Notice via first class mail to all SSVEC customers. The Customer Notice stated that objections needed to be filed with the Commission by Wednesday, October 9, 2013. The Customer Notice also indicated that SSVEC anticipated filing its rate application on or around September 27, 2013. On September 30, 2013, SSVEC docketed its application for a rate increase ("the Application") under Rule 107 in Docket No. E-01575A-13-0296.

By the close of business on October 9, 2013, the Commission had received 12 objections to the rate increase. There were no intervention requests filed. As required in A.A.C. R14-2-

107(B)(14), to proceed with processing a cooperative rate case under Rule 107 the number of objections submitted by the indicated deadline must represent no more than 5% of all customer accounts or no more than 1,000 customer accounts, whichever is fewer.

On October 23, 2013, Staff filed a letter of eligibility in the docket indicating that SSVEC had met all of the requirements outlined in Rule 107 to be eligible to file under the streamlined rules. At the same time, Staff filed a letter of sufficiency indicating the data provided by SSVEC in its rate application were sufficient in meeting the requirements of a cooperative rate application.

Background

Of SSVEC's approximately 51,000 customers, approximately 41,400 are Residential customers. The remainder is a mix of Commercial, Industrial, Irrigation and Municipal customers. SSVEC's Board of Directors oversees all aspects of SSVEC's operations and approves the annual operating budget.

SSVEC's last rate case was filed on June 30, 2008, and its current rates went into effect September 1, 2009 (Decision No. 71274).

The Application

SSVEC is requesting a rate increase of 4.49% over adjusted test year base revenue. SSVEC's test year is the 12 months ending December 31, 2012. Adjusted test year base revenue was \$108,713,261. SSVEC's proposed rate increase of 4.49% is equal to \$4,886,307. The annual gross revenue for SSVEC, inclusive of the increase, will be \$113,599,568.

For a residential customer in the SSVEC service area with a monthly average usage of 720 kWh, this rate change represents an increase to the customer monthly bill of approximately \$5.13. For the median residential customer with a monthly usage of 602 kWh, this rate change represents an increase to the customer monthly bill of approximately \$4.61 per month.

SSVEC indicated the rate increase is necessary to cover increased operating costs in operation and maintenance, consumer accounts, customer service and information, sales, administrative and general, depreciation and amortization, taxes, interest and payroll.

Eligibility

For a cooperative to utilize the streamlined rate case process referred to as Rule 107, several eligibility requirements must be met prior to beginning the process. As documented in the letter of eligibility, Staff agrees that SSVEC has taken the necessary steps to comply with the eligibility requirements of Rule 107.

Staff Analysis

As part of its review of the Application, Staff reviewed the purchased power costs, the fuel bank balance, the base revenue increase and test year data, the level of increase requested for each rate schedule/class, the applicability of the capital projects and Plant In Service ("PIS"), the acceptability of system losses and reliability indices, the proposed rate base, revenue, expenses and the proposed revenue requirement, and also completed a compliance review.

SSVEC reported purchased power costs for the test year equal to \$67,075,507. One adjustment to purchased power costs was included equal to \$256,212. Staff was able to track and verify the purchased power costs through invoices provided by SSVEC to support the reported costs.

The one adjustment to purchased power costs is attributed to the methodology used to record net metering costs and revenue each month. In the test year, SSVEC recorded revenue from net metering customers based on all energy delivered to net metered customers and booked as a cost of power (at the full retail rate) all energy received from net metered customers. In 2013, this methodology of showing all revenue and cost transactions was replaced with a recording of just the net transaction. As a result, SSVEC incorporated an adjustment to the purchased power costs for the test year and there was a corresponding revenue adjustment. SSVEC provided Staff with detail for these adjustments.

In addition, Staff was able to track monthly fuel adjustor filings for the test year with those costs and volumes reported in the Application within a negligible amount which Staff attributed to rounding.

SSVEC did not calculate a new base cost of power in the Application. Rule 107 specifies that the increase request of a maximum of 6% is in base revenue not attributed to revenue from an adjustor mechanism. In the Application, revenue attributed to the Wholesale Power Cost Adjustor ("WPCA") was treated as revenue from an adjustor. As a result, the revenue from the WPCA was held constant from the test year and the base cost of power established in Decision No. 71274 of \$0.072127 per kWh remains unchanged for the purpose of calculating the WPCA adjustor. The WPCA is designed to recover or refund the difference between the base cost of power included in the Cooperative's base rates and the actual cost of power.

As can be seen in Schedule RSP-1, SSVEC provided proof of revenue broken down by rate schedule. All residential monthly customer charge increases are less than 25%, the overall base revenue increase, excluding WPCA revenue, is less than 6%, and all rate class increases are within 150% of the base revenue increase requested.

Test year sales data were broken down into volumes sold by rate schedule and rate class. SSVEC did not make adjustments to test year volumes and indicated those volumes were reflective of future sales information.

Typical bill analysis detail for each rate schedule can be seen in Schedule RSP-2. As indicated earlier, RSP-2 details a 5.35% increase in base revenue for Residential customers resulting in an increase in an average customer's monthly bill of \$5.13.

Attachment A details Staff's Engineering Report for the Application. Included in the Engineering Report is a detailed review of the construction expenditures added to PIS over the past three years. A field inspection was completed, and Staff found all of the facilities inspected to be used and useful.

Staff also completed a review of the Cooperative's system losses and reliability indices. Staff concluded that SSVEC has focused on improving reliability throughout its operations.

Attachment B details the Financial and Regulatory Analysis Review of the Application. Staff reviewed the Cooperative's proposed rate base, revenues, and expenses. No adjustments were requested by Staff.

The Financial and Regulatory Analysis Review also looked at the proposed revenue requirement which would produce an operating income of \$6,747,430 for a 3.43 percent rate of return on an original cost rate base of \$196,598,401. Staff agreed with SSVEC's revenue requirement of \$113,599,568.

The Consumer Services review of SSVEC included an examination of the complaint history, bill format compliance, and the Corporations Division of the Commission status. Staff reviewed the Commission's records between January 1, 2011 and December 31, 2013, and found 68 complaints during that period of time. All of those complaints have been resolved and closed. To date in 2014, Consumer Services has received one complaint regarding quality of service which is currently open.

As noted above, Consumer Services received 12 customer opinions to the Application which is within the limits to proceed under Rule 107. Consumer Services also indicated the Cooperative's bill format is in compliance with A.A.C. R14-2-201(B)(2) and the Corporations Division of the Commission finds the Cooperative in "Good Standing".

Staff Conclusions and Recommendations

Staff recommends an increase in total revenue equal to 4.49% (the increase is 4.92% of base revenue) over adjusted test year total revenue yielding a rate increase of \$4,886,307 as filed in its rate application.

Staff has reviewed the proposed rate increase for each customer class and is in agreement with the proposed increases. Staff understands that the increases to the monthly customer charges do not fully encompass the fixed distribution-related costs that SSVEC incurs. As a result, the energy charge is also increased to allow SSVEC to recover those additional costs.

Staff concludes that SSVEC's system losses and reliability indices are within acceptable limits and that the projects constructed and included in PIS since SSVEC's last rate case are used and useful.

Staff recommends adoption of SSVEC's proposed rate base of \$196,598,401, adjusted test year revenues of \$108,713,261, and expenses of \$99,604,563.

As has been detailed above, Staff found that SSVEC is eligible to process a rate increase request under Rule 107 and found the Cooperative's supporting documentation sufficient to support its requested 4.49% increase in total revenue.

Staff recommends that SSVEC file with Docket Control, as a compliance item in this Docket, a tariff consistent with the rates and charges approved in this Docket on or before May 1, 2014.

Staff recommends that SSVEC provide notice to its customers of the rate increase in the next regularly scheduled billing cycle in a form acceptable to Staff and by posting a notice on its website.

In Decision No. 71274, the Commission ordered that SSVEC file, in its next rate case, detailed and conventional unbundled rates that do not provide incentive or disincentive for customers who want to choose competitive generation. Staff finds that the rates and charges proposed by SSVEC in the Application meet this requirement.

Staff is not requesting that a hearing be held in this matter.

MEMORANDUM

TO: Ranelle Paladino
T&E Consultant
Utilities Division

FROM: Edward Stoneburg
Electric Utilities Engineer
Utilities Division



CC: Del Smith
Engineering Supervisor
Utilities Division



DATE: February 14, 2014

SUBJECT: **ENGINEERING REPORT - SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC'S RATE CASE APPLICATION DATED SEPTEMBER 30, 2013 - DOCKET No. E-01575A-13-0296**

I. INTRODUCTION

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") submitted an application on September 30, 2013 to the Arizona Corporation Commission ("Commission") for authorization to increase rates under Arizona Administrative Code §14-2-107 ("Rule 107"). SSVEC is the first cooperative to file under Rule 107, which provides for a shortened timeframe for processing a cooperative's rate application if the cooperative meets certain requirements.

II. SSVEC OVERVIEW

SSVEC is a partial requirements member of Arizona Electric Power Cooperative, Inc. ("AEPCO") and receives transmission service from Southwest Transmission Cooperative, Inc. ("SWTCO"). SSVEC currently provides electric power to approximately 51,000 retail customers over approximately 4,100 miles of sub-transmission and distribution lines. SSVEC service territory spans 6,500 square miles, which covers parts of Cochise, Graham, Pima and Santa Cruz counties and includes the communities of Sierra Vista, Huachuca City, Patagonia, Elfrida, Benson, St. David, Bowie, San Simon, Wilcox, Sonoita and Pearce-Sunsites. A map of the SSVEC service area and sub-transmission system is shown in Attachment A. SSVEC's retail peak load was 208 MW in 2013.

III. ENGINEERING REVIEW

Staff's engineering review focused on key metrics for SSVEC and on SSVEC's construction expenditures added to plant in service ("PIS") over the past three years. Over those three years, SSVEC construction expenditures included in PIS were: 2010 – \$20,896,876; 2011 – 19,955,955; and 2012 – \$26,271,720 for a total of \$67,124,551. This engineering review includes analysis of data provided by SSVEC through discovery, as well a face-to-face discussion and field inspection of specific major projects included in PIS.

SSVEC Customers, Peak Demand, & System Energy

Overall, SSVEC total number of customers was relatively flat over the past six years with 50,323 in 2008 and 50,803 as of July 2013, or growth of 0.2 percent per year. Growth by customer class over that period was: residential 0.2 percent per year, irrigation 0.9 percent per year, commercial & industrial ("C&I") less than 50 kVA 0.1 percent per year, and C&I 50 kVA or greater 1.7 percent per year.

The actual system peak demand, which includes the effects of weather variation, increased from 192 MW in 2008 to 208 MW in 2013, which represents an average increase of 1.6 percent per year over the past five year period. Annual system energy excluding system losses increased from 759,567 MWh in 2008 to 793,824 MWh in 2012, or an average increase of 1.1% per year over the four year period.

Table 1 Provides the Annual Number of Customers and Table 2 Provides the Annual Peak Demand and Energy Data.

Table 1 - Annual Number of Customers

Year	Residential	Irrigation	C&I < 50 kVA	C&I > 50 kVA	Public Lighting	Sales for Resale	Total
2008	40,668	798	8,451	354	46	6	50,323
2009	41,019	706	8,471	359	46	6	50,607
2010	41,438	722	8,476	364	46	6	51,051
2011	41,308	785	8,454	381	45	6	50,978
2012	41,088	793	8,499	388	46	6	50,820
2013 (Aug)	41,049	835	8,483	385	46	6	50,803

Table 2 - Annual Peak Demand & Energy

Year	Peak Month	Peak (MW)	Annual Energy Excluding Losses (MWh)
2008	6	192	759,567
2009	8	202	770,446
2010	6	193	766,663
2011	8	205	773,269
2012	8	206	793,824
2013 Thru August	6	208	-

As the data show, SSVEC had very moderate load growth over the past five years, consistent with Arizona as a whole.

Annual System Losses

SSVEC's annual historic system losses average 7.4 percent of total system energy per year for the most recent five-year period, (2008-2012). The losses for SSVEC's system are within the reasonable limits specified in the guidelines provided by the American Public Power Association's Distribution System Loss Evaluation Manual given SSVEC's mix of rural and urban electrical systems. Typical distribution system loss values indicated in the Manual range between 6 percent for urban systems to 10 percent for rural systems.

SSVEC's annual historic system energy losses as a percentage of total system energy are listed in Table 3.

Table 3 - Annual System Energy Losses as Percent of Total System Energy

Year	Losses %
2008	7.3%
2009	7.6%
2010	6.8%
2011	8.0%
2012	7.0%
Average	7.4%

System Reliability

Table 4 shows SSVEC's system reliability, as measured by the System Average Interruption Duration Index ("SAIDI") which measures the average outage minutes per customer on an annual basis, for the period 2008 through 2012. According to the Rural Utilities Service ("RUS") Bulletins 1730A-119 and 1730-1 Exhibit A, which Staff uses to judge the adequacy of a cooperative's reliability, a concern would exist when the SAIDI for the cause of "All Other" exceeds 200 minutes¹. SSVEC's service quality over the five-year period in terms of this metric has ranged from 39.1 minutes to 147.4 minutes with an average of 89.7 minutes, all below the level of concern. Of note is that SSVEC's outage rate for the "All Other" cause category decreased the past two years, likely in part a reflection of the system improvements made by SSVEC. The "Major Events" outage minutes in 2009 were due to a high wind event impacting the Sierra Vista and Sonoita areas and in 2011 were due to the Monument Fire near Sierra Vista.

Table 4 - Annual System Average Interruption Duration Index in Minutes

YEAR	SYSTEM AVERAGE INTERRUPTION DURATION INDEX - MINUTES					
	<i>Power Supplier</i>	<i>Planned</i>	<i>All Other</i>	<i>Total Excluding Major Events</i>	<i>Major Events</i>	<i>All Events</i>
2008	0.2	0.2	96.9	97.4	0.0	97.4
2009	2.2	3.0	39.1	44.3	94.5	138.8
2010	0.1	2.5	147.4	150.1	0.0	150.1
2011	5.4	5.5	106.5	117.4	139.0	256.5
2012	2.8	3.4	58.3	64.5	2.4	66.9
Five-Year Average	2.2	2.9	89.7	94.7	47.2	141.9

Capital Projects Placed in Service

Staff's detailed review of capital projects added to PIS during 2010, 2011, and 2012 focused on projects with an actual cost of \$500,000 or greater. The list of projects provided by

¹ As shown in Table 4 outage statistics are categorized into four major causes. Power Supplier and Planned causes are separated because they represent causes over which the cooperative has virtually no control or total control, respectively, and should be analyzed separately. Major Events include outages on major event days which are days when the daily average outage minutes per customer exceed a threshold value. The threshold is determined based upon a formula specified in the RUS Bulletin 1703A-119, can change over time, and is specific to each cooperative. That leaves all other outages included in the All Other cause category. The All Other and Major Events categories are segregated to better reveal trends in daily operation in the All Other cause category that would be hidden by the large statistical effect of Major Events.

SSVEC in response to Data Request EFS 1.8 meeting this criterion is shown in Attachment B. The total value of all projects over \$500,000 is \$30,981,513. The expenditures fall mainly into four categories:

- distribution system voltage conversions;
- new distribution substations and related 69kV sub-transmission lines to serve increased loads and improve reliability;
- solar generation to meet Commission renewable energy standard ("RES") requirements; and
- automated metering system build-out.

Project Review Meeting and Field Inspection

On October 10, 2013, Staff met with SSVEC personnel to discuss and physically inspect some of the larger projects placed in service during 2010, 2011, and 2012. Projects discussed as to their need and costs were:

- Solar Projects (Work Orders ("WO") 82930 & 84261 on Attachment A). These two utility scale solar projects were built in compliance with SSVEC's Commission-approved RES plan. A total of 1,250 kWac was installed at a cost of \$4,628,869 or \$3,703/kWac. This cost is comparable to industry averages for the time period SSVEC installed these solar projects.
- AMR Project for Sierra Vista (WO 78764). This work order is part of a \$5.4 million project for implementation of automated meter reading ("AMR") in the Sierra Vista area, replacing approximately 28,000 mechanical meters with solid-state AMR meters using power line carrier communications. The cost of this one project was \$1.59 million. The average cost per meter for the entire project is \$193/meter, which is within the range of costs being experienced in the industry.
- Cottonwood Substation/69kV St. David Sub-transmission Line (WOs 77416 & 75581). Cottonwood Substation and the associated 8.5 mile of 69kV sub-transmission line were constructed to serve growing load in the areas west of Benson covering over 100 square miles. The area was previously served by a single 25kV feeder from Mescal Substation. Cottonwood substation was built for the future addition of a second transformer. The cost for the substation and the line was \$2.94 million and \$2.47 million (\$291,000/mile), respectively. The costs for the substation and sub-transmission line are reasonable based upon Staff's experience.

- Alamo Substation/69kV Sonoita Sub-transmission Line (Multiple WOs). Alamo Substation and the associated 23 mile 69kV sub-transmission line were constructed to relieve loading on the original 25kV feeder for this area from Huachuca West substation and to improve reliability to the Sonoita/Patagonia area. Alamo substation is a single transformer substation. The cost for the substation and the line was \$3.82 million and \$6.77 million (\$294,000/mile), respectively. The costs for the substation and sub-transmission line are reasonable based upon Staff's experience.
- Kartchner/92 Three Mile Sub-Transmission Rebuild (WO 75476). This project was undertaken to increase the capacity of the line due to load growth and to provide for quicker load restoration for outages on the SWTCO transmission system by providing the ability to serve load from alternative interconnection points. The cost of this project was \$2.99 million, or about \$1.0 million per mile. The cost per mile of this line was considerably higher than typical 69kV construction mainly due to: construction along the right-of-way of a major roadway in an urban area; the need to construct several group operated air-break switches² at substation junction points along the line; accommodating distribution underbuild; the need to use composite poles in certain locations along the line because concrete and steel poles were too heavy to set; and the relocation of the line from rear lot-line construction to the road right-of-way. All of these factors resulted in higher costs compared to the much less congested conditions associated with the construction of the St. James and Sonoita lines discussed above. Attachment C provides photos of two of the complex pole installations with air-break switches and distribution underbuild.

Staff inspected the Cottonwood and Alamo substations, the Sonoita Solar Facility, and the St. James, Kartchner/92 and Sonoita 69kV sub-transmission lines. The substations were secure with proper safety signage. Both new substations have the same layout making it safer and easier for operating personnel working in the substations. SSVEC followed proper safety procedures in preparation to enter the substations.

The Sonoita Solar Facility is located adjacent to the Alamo substation and has a maximum capability of 250kWac. It was generating about 240kWac during Staff's inspection.

² A group operated air-break switch, or GOAB, is a manually operated three phase switch in which all three phases open simultaneously. A common use for this type of switch, and as applied in the Kartchner line, is at junction points where one line taps another. At such a junction three separate GOABs are used, one on each side of the tap line and one in the tap line. This allows for sectionalizing under different operating or outage conditions. When used in conjunction with a motor operator they are called MOABs, and can be operated remotely through a cooperative's supervisory control and data acquisition system.

The sub-transmission lines visited are constructed using steel, concrete, or composite poles, depending upon the specific need. SSVEC uses a horizontal line post with overhead ground wire design, which provides improved lightning protection, for the sub-transmission lines.

Staff found that all of the facilities inspected were in service and operating.

In summary, Staff believes that since SSVEC's last rate case SSVEC has developed its system with a focus on improving reliability, from the wood pole replacement program to working on looping portions of the sub-transmission system. SSVEC is also replacing manually operated air-break switches with motor operated air-break switches, providing the ability to remotely operate the switches for sectionalizing, and is expanding its supervisory control and data acquisition system thereby increasing distribution substation automation which can improve reliability and outage restoration time. SSVEC was able to take advantage of federal smart grid grants to support this work.

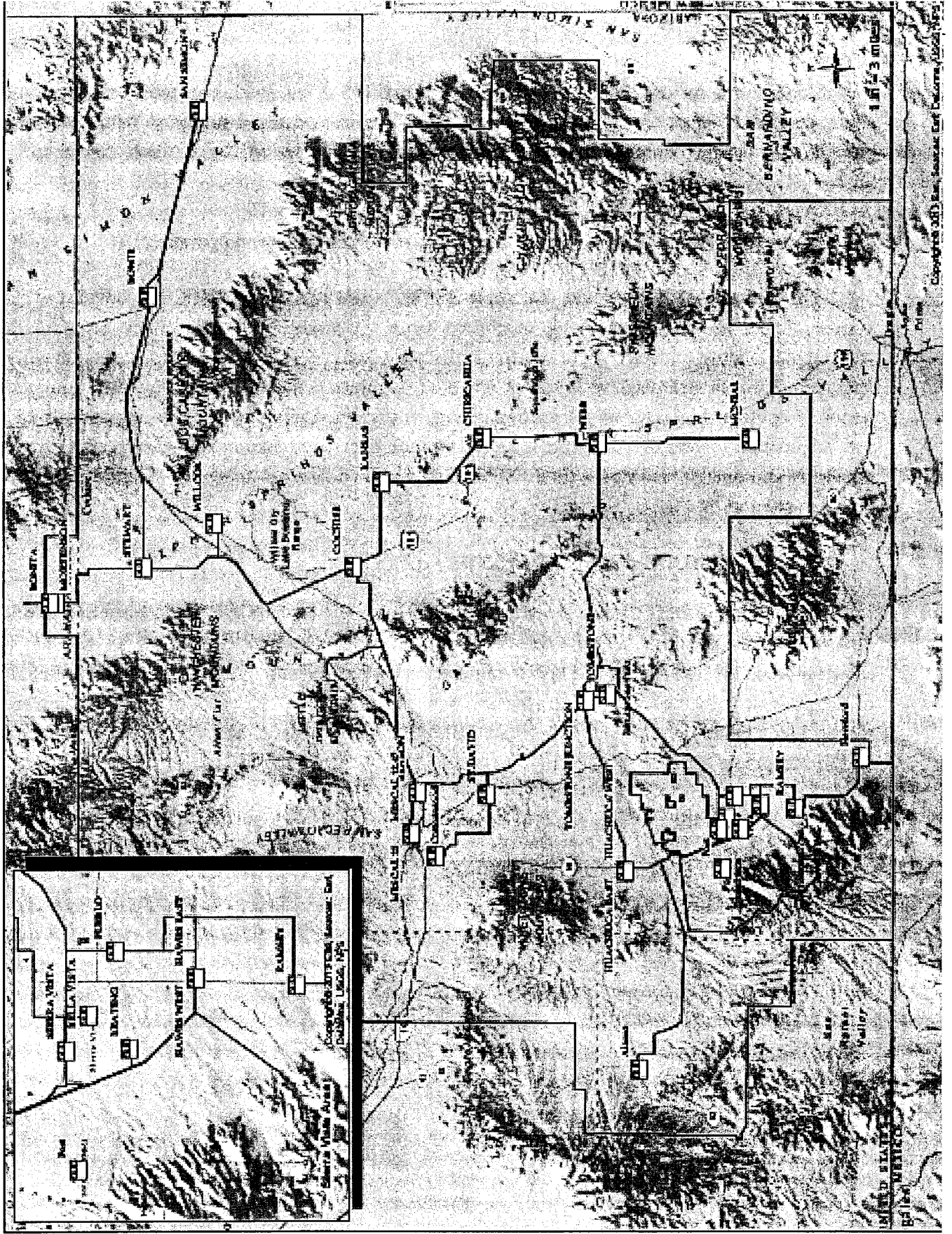
IV. CONCLUSIONS & RECOMMENDATIONS

Based upon Staff's discussions with SSVEC, a review of SSVEC's Construction Work Plan project justifications, and the selected site inspections, Staff concludes that SSVEC has a robust process for identifying and approving needed capital projects. Further, Staff found that all of the projects inspected were in service and being used and that the costs of the projects were reasonable. Finally, Staff concludes that SSVEC's system losses and reliability indices are within acceptable limits.

Staff finds the projects constructed and included in PIS since SSVEC's last rate case to be used and useful.

SSVEC SERVICE AREA AND 69KV SUB-TRANSMISSION SYSTEM

ATTACHMENT A



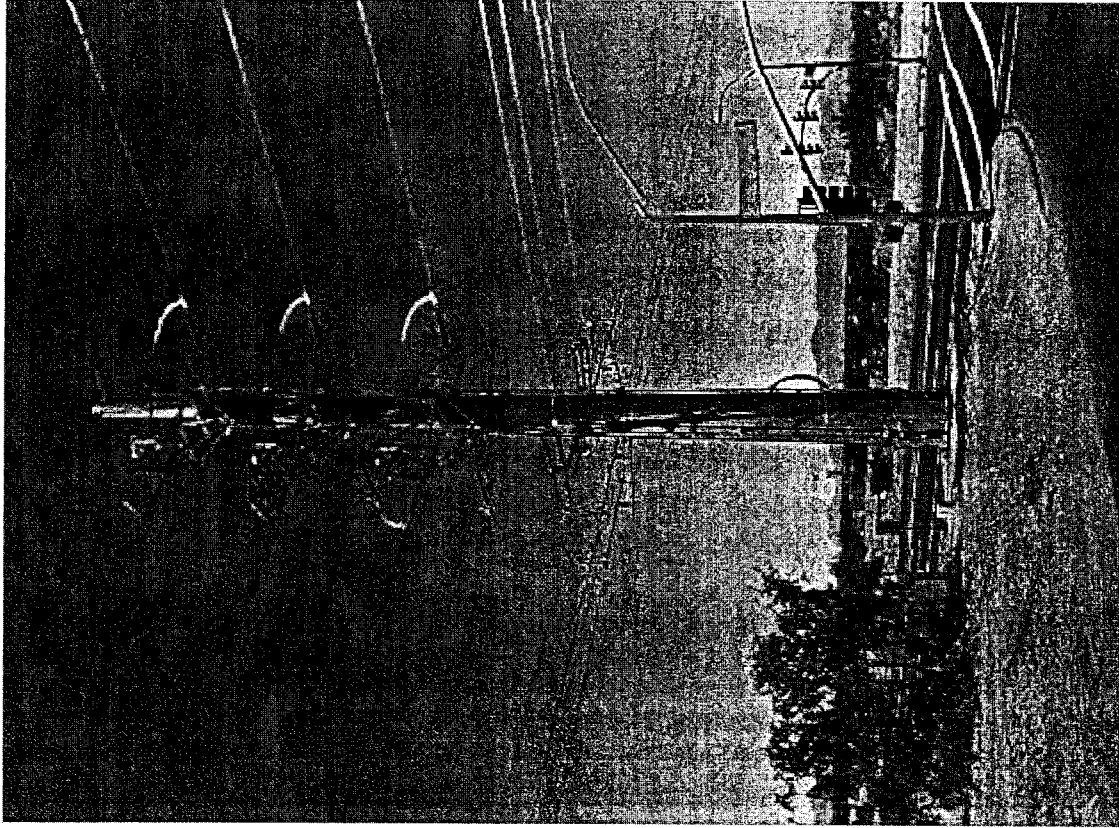
SSVEC – PROJECTS OVER \$500,000 PLACED IN PLANT IN SERVICE 2010 THROUGH 2012

ATTACHMENT B

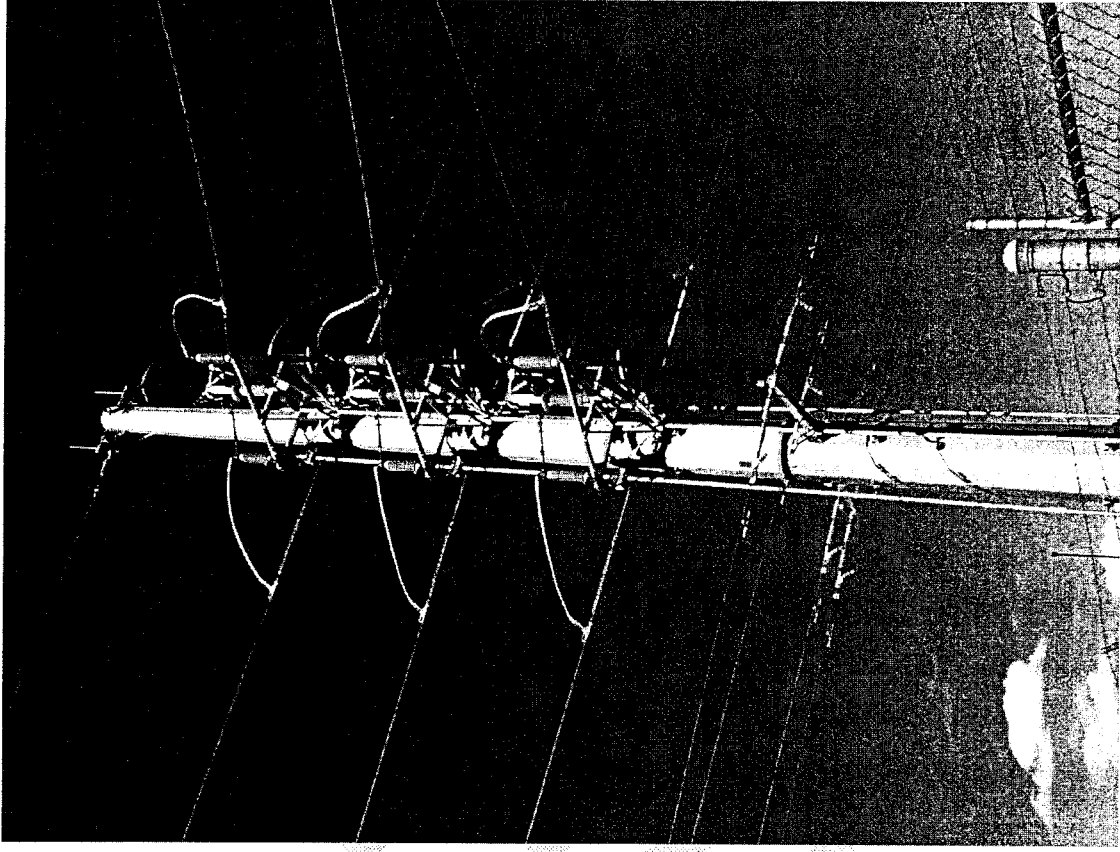
WO	DESCRIPTION	PROJECT	AMOUNT	DATE PLACED IN SERVICE
85522	ALAMO SUBSTATION BUILD	ALAMO SUBSTATION	1,845,304	7/31/2012
80200	69KV TO 14.4KV, 10/12/14 MVA, 4 FEEDERS	ALAMO SUBSTATION	1,977,695	4/30/2012
82823	SSVEC 10 SONOITA SUB SG	ALAMO SUBSTATION	329,307	10/31/2012
83565	ALAMO SUBSTATION GETAWAYS	ALAMO SUBSTATION	404,899	2/29/2012
		ALAMO SUBSTATION Total	4,557,204	
78764	AMR PROJECT FOR SIERRA VISTA	AMR UPGRADE	1,594,634	4/30/2011
		AMR UPGRADE Total	1,594,634	
82532	H3 CONVERSION	COCHISE H3 CONVERSION	627,129	6/30/2012
82533	VOLTAGE CONVERSION	COCHISE H3 CONVERSION	568,132	2/29/2012
		COCHISE H3 CONVERSION Total	1,195,261	
82535	H4 CONVERSION II #1	COCHISE H4 PHASE 11	565,474	2/29/2012
82536	H 4 CONVERSION II #2	COCHISE H4 PHASE 11	552,898	2/29/2012
82537	H4 CONVERSION II #3	COCHISE H4 PHASE 11	443,854	6/30/2012
		COCHISE H4 PHASE 11 Total	1,562,225	
77416	NEW 69 KV TO 14.4 KV SUBSTATION	COTTONWOOD SUBSTATION	2,939,751	4/30/2010
		COTTONWOOD SUBSTATION Total	2,939,751	
75581	COTTONWOOD TO ST DAVID XMISSION	COTTONWOOD TRANSMISSION LINE	2,471,660	12/31/2010
		COTTONWOOD TRANSMISSION LINE Total	2,471,660	
82930	CREBS SOLAR PROJECT SONOITA	DISTRIBUTED GENERATION	1,272,389	11/30/2012
84261	CREBS SOLAR PROJECT SAN SIMON	DISTRIBUTED GENERATION	3,356,480	11/30/2012
		DISTRIBUTED GENERATION Total	4,628,869	
79133	H4 VOLTAGE CONVERSION	H4 CONVERSION	1,205,524	6/30/2010
79231	H 4 VOLTAGE CONVERSION	H4 CONVERSION	1,062,827	7/31/2010
		H4 CONVERSION Total	2,268,351	
75476	KARTCHNER/92.3 MI TRANS REBUILD	KARTCHNER TRANSMISSION LINE	2,989,750	1/31/2010
		KARTCHNER TRANSMISSION LINE Total	2,989,750	
79623	INSTALL NEW TRANSMISSION LINE TO SONOITA	SONOITA SUB-TRANSMISSION	5,674,346	4/30/2012
82955	INSTALL FIBER OPTICS ON NEW TRANS SONOITA	SONOITA SUB-TRANSMISSION	223,039	8/31/2012
83202	SONOITA PROJECT	SONOITA SUB-TRANSMISSION	378,073	2/29/2012
83819	5 MILES OPGW PHASE 2 TO ALAMO SUB	SONOITA SUB-TRANSMISSION	87,258	10/31/2012
83959	UPGRADE CONDUCTOR TO 4/0	SONOITA SUB-TRANSMISSION	130,114	7/31/2012
84076	ALAMO SECTIONALIZING	SONOITA SUB-TRANSMISSION	61,544	5/31/2012
84077	SECTIONALIZE AL 2 FEEDER	SONOITA SUB-TRANSMISSION	37,975	6/30/2012
84078	SECTIONALIZE AL 3 FEEDER	SONOITA SUB-TRANSMISSION	75,802	6/30/2012
84079	SECTIONALIZE AL 4 FEEDER	SONOITA SUB-TRANSMISSION	93,740	6/30/2012
83262	REMOVE SINGLE PHASE LINE	SONOITA SUB-TRANSMISSION	11,917	8/31/2011
		SONOITA SUB-TRANSMISSION Total	6,773,808	
		Grand Total	30,981,513	

SSVEC KARTCHNER/92 PROJECT – COMPLEX POLE EXAMPLES

ATTACHMENT C



KARTCHNER/92 69kV UPGRADE – BELLA VISTA SUB
JUNCTION POLE WITH AIR-BREAK SWITCHES AND
WITH DISTRIBUTION UNDERBUILD



KARTCHNER/92 69kV UPGRADE – SIERRA VISTA SUB
JUNCTION POLE WITH AIR-BREAK SWITCHES AND
WITH DISTRIBUTION UNDERBUILD

MEMORANDUM

TO: Ranelle Paladino
Utilities Consultant
Utilities Division

FROM: Crystal Brown *C.B.*
Public Utilities Analyst V
Utilities Division

DATE: December 5, 2013

RE: IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC., FOR A DETERMINATION OF THE FAIR
VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST
AND REASONABLE RETURN THEREON, TO APPROVE RATES DESIGNED
TO DEVELOP SUCH RETURN, AND FOR RELATED APPROVALS (DOCKET
NO. E-01575A-13-0296)

Attached is the Staff Financial Report for Sulphur Springs Valley Electric Cooperative, Inc.'s application for a permanent rate increase. Staff recommends approval of Sulphur Springs Valley Electric Cooperative, Inc.'s proposed revenue of \$113,599,568.

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RATE BASE, REVENUES, AND EXPENSES.....	1
REVENUE REQUIREMENT	1
RECOMMENDATION.....	1

Background

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "the Cooperative") is a certificated Arizona-based non-profit rural electric distribution cooperative. SSVEC provides power and energy to approximately 51,000 customers in most of Cochise County and portions of Santa Cruz, Pima, and Graham counties, Arizona.

On September 30, 2013, the Cooperative filed a permanent rate application pursuant to Arizona Administrative Code R14-2-107 using a December 31, 2012, test year. On September 25, 2013, SSVEC filed documentation certifying public notice. On October 23, 2013, the Utilities Division Staff ("Staff") issued a Letter of Sufficiency. The Cooperative's current rates were established under Decision No. 71274, dated September 8, 2009.

Rate Base, Revenues, and Expenses

The Cooperative proposed a rate base of \$196,598,401, adjusted test year revenues of \$108,713,261, and expenses of \$99,604,563. Staff reviewed the Cooperative-proposed rate base, revenues, and expenses and recommends adoption.

Revenue Requirement

SSVEC proposed a \$4,886,307, or 4.49 percent, revenue increase from \$108,713,261 to \$113,599,568. The proposed revenue requirement would produce an operating income of \$6,747,430 for a 3.43 percent rate of return on an original cost rate base¹ ("OCRB") of \$196,598,401. SSVEC's proposed revenue would produce a 1.26 times interest earned ratio ("TIER") and a 1.70 debt service coverage ratio ("DSC").

Staff recommends adoption.

Recommendation

Staff recommends a revenue requirement of \$113,599,568 which is the same as the Cooperative's proposed revenue requirement.

¹ The Cooperative did not prepare a schedule showing the elements of Reconstruction Cost New Rate Base. The Cooperative's filing treats the OCRB the same as the fair value rate base.

ELECTRIC RATE COMPONENTS - REVENUES AT PRESENT & PROPOSED RATES

CUSTOMER CLASS	TEST YEAR ENDED 12/31/12		STAFF AND COMPANY		% INCREASE	
	PRESENT RATES		PROPOSED RATES		EXCLUDING WPCA	\$ INCREASE
RESIDENTIAL						
<u>Standard</u>						
Base Charge	\$ 8.25		\$ 10.25			
All kWh	\$ 0.121700		\$ 0.126038			
WPCA Collections	\$ 1,169,246		\$ 1,169,246			
Non-WPCA Revenue	\$ 47,770,066		\$ 50,325,398			
Total Revenue	\$ 48,939,312		\$ 51,494,644			
<u>Time of Use</u>						
Base Charge	\$ 13.25		\$ 16.50			
On-Peak kWh	\$ 0.165720		\$ 0.169040			
Off-Peak kWh	\$ 0.098410		\$ 0.101730			
WPCA Collections	\$ 757		\$ 757			
Non-WPCA Revenue	\$ 32,163		\$ 33,827			
Total Revenue	\$ 32,920		\$ 34,584			
Total Residential Revenue	\$ 48,972,232		\$ 51,529,228		5.35%	\$ 2,556,996
GENERAL SERVICE						
<u>Non-Demand</u>						
Base Charge 1 Phase	\$ 13.50		\$ 16.50			
Base Charge 3 Phase	\$ 13.50		\$ 16.50			
kWh	\$ 0.114000		\$ 0.118338			
WPCA Collections	\$ 23,227		\$ 23,227			
Non-WPCA Revenue	\$ 1,144,627		\$ 1,227,530			
Total Revenue	\$ 1,167,854		\$ 1,250,757			
<u>Demand</u>						
Base Charge 1 Phase	\$ 13.50		\$ 16.50			
Base Charge 3 Phase	\$ 13.50		\$ 16.50			
First 10 kW per month	\$ -		\$ -			
Over 10 kW per month	\$ 7.45		\$ 8.00			
kWh	\$ 0.114000		\$ 0.118338			
WPCA Collections	\$ 315,585		\$ 315,585			
Non-WPCA Revenue	\$ 12,745,430		\$ 13,481,729			
Total Revenue	\$ 13,061,015		\$ 13,797,314			
<u>Demand Time of Use</u>						
Base Charge 1 Phase	\$ 14.45		\$ 18.00			
Base Charge 3 Phase	\$ 14.45		\$ 18.00			
On-Peak kW	\$ 18.50		\$ 18.50			
kWh	\$ 0.086200		\$ 0.090972			
WPCA Collections	\$ 4,572		\$ 4,572			
Non-WPCA Revenue	\$ 111,259		\$ 117,935			
Total Revenue	\$ 115,831		\$ 122,507			
Total General Service Revenue	\$ 14,344,700		\$ 15,170,578		5.90%	\$ 825,878
IRRIGATION						
<u>Standard</u>						
Base Charge	\$ 25.00		\$ 30.00			
kW (April-Oct)	\$ 6.80		\$ 7.15			
kWh (April-Oct)	\$ 0.084300		\$ 0.088509			
kWh (Nov-March)						
First 300 kWh/kVa	\$ 0.110000		\$ 0.114209			
Over 300 kWh/kVa	\$ 0.083000		\$ 0.087209			
Contract Minimum						
WPCA Collections	\$ 117,395		\$ 117,395			
Non-WPCA Revenue	\$ 3,492,197		\$ 3,666,827			
Total Revenue	\$ 3,609,592		\$ 3,784,222			
<u>Load Factor</u>						
Base Charge	\$ 30.00		\$ 35.00			
kWh	\$ 0.090000		\$ 0.094120			
Additional Minimum						
WPCA Collections	\$ 29,853		\$ 29,853			
Non-WPCA Revenue	\$ 556,590		\$ 582,487			
Total Revenue	\$ 586,443		\$ 612,340			

ELECTRIC RATE COMPONENTS - REVENUES AT PRESENT & PROPOSED RATES

CUSTOMER CLASS		TEST YEAR	STAFF AND	%	
		ENDED 12/31/12	COMPANY	INCREASE	
		PRESENT	PROPOSED	EXCLUDING	
		RATES	RATES	WPCA	\$ INCREASE
Daily Control					
Base Charge		\$ 25.00	\$ 30.00		
Override penalty		\$ 19.00	\$ 19.00		
First	300 kWh/kVa	\$ 0.106300	\$ 0.110979		
Over	300 kWh/kVa	\$ 0.079000	\$ 0.083679		
Discount kWh		\$ 0.088229	\$ 0.092113		
WPCA Collections		\$ 71,962	\$ 71,962		
Non-WPCA Revenue		\$ 1,542,937	\$ 1,619,647		
Total Revenue		\$ 1,614,899	\$ 1,691,609		
Weekly Control					
Base Charge		\$ 25.00	\$ 30.00		
Override penalty		\$ 19.00	\$ 19.00		
First	300 kWh/kVa	\$ 0.106300	\$ 0.110979		
Over	300 kWh/kVa	\$ 0.079000	\$ 0.083679		
Discount kWh		\$ 0.100985	\$ 0.105430		
WPCA Collections		\$ 354,816	\$ 354,816		
Non-WPCA Revenue		\$ 7,650,896	\$ 8,034,170		
Total Revenue		\$ 8,005,712	\$ 8,388,986		
Daily Control/Large					
Base Charge		\$ 25.00	\$ 30.00		
kW		\$ 19.00	\$ 19.00		
kWh		\$ 0.083650	\$ 0.087737		
WPCA Collections		\$ 133,122	\$ 133,122		
Non-WPCA Revenue		\$ 2,712,994	\$ 2,848,638		
Total Revenue		\$ 2,846,116	\$ 2,981,760		
2 X Weekly Control					
Base Charge		\$ 25.00	\$ 30.00		
Override penalty		\$ 19.00	\$ 19.00		
First	300 kWh/kVa	\$ 0.106300	\$ 0.110979		
Over	300 kWh/kVa	\$ 0.079000	\$ 0.083679		
Discount kWh		\$ 0.095670	\$ 0.099881		
WPCA Collections		\$ 57,131	\$ 57,131		
Non-WPCA Revenue		\$ 1,126,929	\$ 1,183,343		
Total Revenue		\$ 1,184,060	\$ 1,240,474		
Total Irrigation Revenue		\$ 17,846,822.00	\$ 18,699,391.00	4.99%	\$ 852,569
LARGE POWER					
Standard					
Base Charge		\$ 44.25	\$ 55.00		
kW		\$ 6.80	\$ 7.05		
kWh		\$ 0.077000	\$ 0.079844		
WPCA Collections		\$ 423,958	\$ 423,958		
Non-WPCA Revenue		\$ 12,486,756	\$ 12,986,566		
Total Revenue		\$ 12,910,714	\$ 13,410,524		
Seasonal					
Base Charge		\$ 56.25	\$ 67.00		
kW		\$ 9.40	\$ 9.55		
kWh		\$ 0.076000	\$ 0.079844		
WPCA Collections		\$ 8,003	\$ 8,003		
Non-WPCA Revenue		\$ 229,018	\$ 237,837		
Total Revenue		\$ 237,021	\$ 245,840		
Time of Use					
Base Charge		\$ 44.25	\$ 55.00		
On-Peak kW		\$ 17.15	\$ 17.15		
Off-Peak kW		\$ 4.15	\$ 4.15		
kWh		\$ 0.047830	\$ 0.055515		
WPCA Collections		\$ (110)	\$ (110)		
Non-WPCA Revenue		\$ 12,464	\$ 12,963		
Total Revenue		\$ 12,354	\$ 12,853		
Total Large Power Revenue		\$ 13,160,089	\$ 13,669,217	4.00%	\$ 509,128

ELECTRIC RATE COMPONENTS - REVENUES AT PRESENT & PROPOSED RATES

CUSTOMER CLASS	TEST YEAR ENDED 12/31/12		STAFF AND COMPANY		% INCREASE	
		PRESENT	PROPOSED	EXCLUDING		
		RATES	RATES	WPCA	INCREASE	
LARGE POWER - INDUSTRIAL						
Base Charge		\$ 233.50	\$ 233.50			
Billing kW		\$ 6.25	\$ 6.45			
First	400 kWh/kVa	\$ 0.076700	\$ 0.079830			
Next	400 kWh/kVa	\$ 0.047600	\$ 0.050730			
WPCA Collections		\$ 75,235	\$ 75,235			
Non-WPCA Revenue		\$ 1,981,691	\$ 2,060,969			
Total Large Power Industrial Revenue		\$ 2,056,926	\$ 2,136,204	4.00%	\$ 79,278	

CONTRACT POWER*

Contract 1

Base Charge		\$ 25.00		\$ 25.00			
Billing Demand 90%		\$ 2.50		\$ 2.50			
Billing Demand 75%		\$ 3.50		\$ 3.50			
Billing Demand 55%		\$ 4.50		\$ 4.50			
On-Peak kWh		\$ 0.071357		\$ 0.071357			
Off-Peak kWh		\$ 0.048157		\$ 0.048157			
WPCA Collections		\$ (1,274)		\$ (1,274)			
Non-WPCA Revenue		\$ 1,873,158		\$ 1,873,158			
Total Revenue		\$ 1,871,884		\$ 1,871,884		0.00%	\$ -

Contract 2

Base Charge		\$ 9,000.00		\$ 9,000.00			
Billing kW		\$ 9.00		\$ 9.00			
First	400 kWh/kVa	\$ 0.067907		\$ 0.067907			
Over	400 kWh/kVa	\$ 0.047907		\$ 0.047907			
WPCA Collections		\$ 66,160		\$ 66,160			
Non-WPCA Revenue		\$ 1,588,774		\$ 1,588,774			
Total Revenue		\$ 1,654,934		\$ 1,654,934		0.00%	\$ -

Contract 3

Base Charge		\$ 500.00		\$ 500.00			
Billing kW		\$ 3.35		\$ 3.35			
First	400 kWh/kVa	\$ 0.076300		\$ 0.076300			
Over	400 kWh/kVa	\$ 0.041300		\$ 0.041300			
WPCA Collections		\$ 41,851		\$ 41,851			
Non-WPCA Revenue		\$ 965,049		\$ 965,049			
Total Revenue		\$ 1,006,900		\$ 1,006,900		0.00%	\$ -
Total Contract Revenue		\$ 4,533,718		\$ 4,533,718		0.00%	\$ -

RV PARKS

Base Charge		\$ 43.55		\$ 50.00			
Billing kW		\$ 6.70		\$ 6.70			
kWh		\$ 0.076500		\$ 0.081102			
WPCA Collections		\$ 8,780		\$ 8,780			
Non-WPCA Revenue		\$ 396,538		\$ 415,759			
Total RV Parks Revenue		\$ 405,318		\$ 424,539		4.85%	\$ 19,221

LIGHTING

Street Lights - Cooperative Investment

70 Watt HPS		\$ 12.31		\$ 12.90			
100 Watt HPS - Single/Wood Pole		\$ 11.19		\$ 11.73			
100 Watt HPS - Single/Steel Pole		\$ 15.97		\$ 16.74			
100 Watt HPS - Double/Wood Pole		\$ 20.69		\$ 21.68			
100 Watt HPS - Double/Steel Pole		\$ 23.00		\$ 24.10			
175 Watt MV - Single/Wood Pole		\$ 12.94		\$ 13.56			
175 Watt MV - Single/Steel Pole		\$ 15.69		\$ 16.44			
175 Watt MV - Double/Wood Pole		\$ 23.38		\$ 24.50			
175 Watt MV - Double/Steel Pole		\$ 25.63		\$ 26.86			
150 Watt HPS - Single/Wood Pole		\$ 14.69		\$ 15.40			
150 Watt HPS - Single/Steel Pole		\$ 17.69		\$ 18.54			
150 Watt HPS - Double/Wood Pole		\$ 27.63		\$ 28.96			
150 Watt HPS - Double/Steel Pole		\$ 30.13		\$ 31.58			
250 Watt MV - Single/Wood Pole		\$ 16.69		\$ 17.49			
250 Watt MV - Single/Steel Pole		\$ 19.75		\$ 20.70			
250 Watt MV - Double/Wood Pole		\$ 31.00		\$ 32.49			
250 Watt MV - Double/Steel Pole		\$ 33.50		\$ 35.11			
250 Watt HPS - Single/Wood Pole		\$ 20.56		\$ 21.55			
250 Watt HPS - Single/Steel Pole		\$ 23.31		\$ 24.43			
250 Watt HPS - Double/Wood Pole		\$ 39.25		\$ 41.13			

ELECTRIC RATE COMPONENTS - REVENUES AT PRESENT & PROPOSED RATES

CUSTOMER CLASS	TEST YEAR ENDED 12/31/12		STAFF AND COMPANY		% INCREASE	
	PRESENT RATES		PROPOSED RATES		EXCLUDING WPCA	\$ INCREASE
250 Watt HPS - Double/Steele Pole	\$ 41.25		\$ 43.23			
400 Watt MV - Single/Wood Pole	\$ 23.19		\$ 24.30			
400 Watt MV - Single/Steel Pole	\$ 25.94		\$ 27.19			
400 Watt MV - Double/Wood Pole	\$ 44.06		\$ 46.17			
400 Watt MV - Double/Steele Pole	\$ 46.13		\$ 48.34			
Subtotal	\$ 325,213.00		\$ 340,869.00			
Street Lights - Customer Investment						
100 Watt HPS - Single/Wood Pole	\$ 8.63		\$ 9.04			
100 Watt HPS - Single/Steel Pole	\$ 10.19		\$ 10.68			
100 Watt HPS - Double/Wood Pole	\$ 16.56		\$ 17.35			
100 Watt HPS - Double/Steele Pole	\$ 17.56		\$ 18.40			
175 Watt MV - Single/Wood Pole	\$ 10.25		\$ 10.74			
175 Watt MV - Single/Steel Pole	\$ 11.69		\$ 12.25			
175 Watt MV - Double/Wood Pole	\$ 19.13		\$ 20.05			
175 Watt MV - Double/Steele Pole	\$ 20.13		\$ 21.10			
150 Watt HPS - Single/Wood Pole	\$ 11.56		\$ 12.11			
150 Watt HPS - Single/Steel Pole	\$ 13.13		\$ 13.76			
150 Watt HPS - Double/Wood Pole	\$ 22.06		\$ 23.12			
150 Watt HPS - Double/Steele Pole	\$ 23.25		\$ 24.37			
250 Watt MV - Single/Wood Pole	\$ 13.44		\$ 14.09			
250 Watt MV - Single/Steel Pole	\$ 15.06		\$ 15.78			
250 Watt MV - Double/Wood Pole	\$ 24.63		\$ 25.81			
250 Watt MV - Double/Steele Pole	\$ 26.56		\$ 27.83			
250 Watt HPS - Single/Wood Pole	\$ 16.88		\$ 17.69			
250 Watt HPS - Single/Steel Pole	\$ 18.25		\$ 19.13			
250 Watt HPS - Double/Wood Pole	\$ 32.81		\$ 34.38			
250 Watt HPS - Double/Steele Pole	\$ 33.38		\$ 34.98			
400 Watt MV - Single/Wood Pole	\$ 19.44		\$ 20.37			
400 Watt MV - Single/Steel Pole	\$ 20.81		\$ 21.81			
400 Watt MV - Double/Wood Pole	\$ 37.75		\$ 39.56			
400 Watt MV - Double/Steele Pole	\$ 38.06		\$ 39.89			
Subtotal	\$ 251,357.00		\$ 263,429.00			
WPCA Collections	\$ 7,226		\$ 7,226			
Non-WPCA Revenue	\$ 576,570		\$ 604,298			
Total Revenue	\$ 583,796		\$ 611,524			
SECURITY LIGHTS						
175 Watt MV	\$ 11.40		\$ 11.97			
100 Watt HPS	\$ 10.92		\$ 11.47			
35 Watt LPS	\$ 8.82		\$ 9.26			
Poles	\$ 1.95		\$ 2.05			
WPCA Collections	\$ 4,498		\$ 4,498			
Non-WPCA Revenue	\$ 268,104		\$ 281,005			
Total Revenue	\$ 272,602		\$ 285,503			
Total Lighting Revenue	\$ 856,398		\$ 897,027		4.81%	\$ 40,629
UNMETERED						
Base Charge	\$ 16.00		\$ 16.50			
kWh	\$ 0.087300		\$ 0.091859			
WPCA Collections	\$ 1,070		\$ 1,070			
Non-WPCA Revenue	\$ 61,533		\$ 64,053			
Total Revenue	\$ 62,603		\$ 65,123		4.10%	\$ 2,520
TOTAL REVENUE						
Fuel Balance	\$ 2,607,981		\$ 2,607,981			
Sales for Resale	\$ 140,737		\$ 140,737			
Other Revenue	\$ 3,725,737		\$ 3,725,737			
WPCA Revenue	\$ 2,913,063		\$ 2,913,063			
Non-WPCA Revenue	\$ 99,325,743		\$ 104,211,962			
Total Revenue	\$ 108,713,261		\$ 113,599,480		4.92%	\$ 4,886,219

*Contract Power rates are negotiated contracts not subject to changes with this rate application.

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

RESIDENTIAL:						
kWh	160-60-063	PRESENT	PROPOSED			
Usage		RATES	RATES	\$ INCREASE	% INCREASE	
Customer Charge		\$ 8.25	\$ 10.25	\$ 2.00	24.24%	
Energy Charge		\$ 0.121700	\$ 0.126038	\$ 0.004338	3.56%	
50		\$ 14.34	\$ 16.55	\$ 2.22	15.46%	
100		\$ 20.42	\$ 22.85	\$ 2.43	11.92%	
250		\$ 38.68	\$ 41.76	\$ 3.08	7.98%	
500		\$ 69.10	\$ 73.27	\$ 4.17	6.03%	
750		\$ 99.53	\$ 104.78	\$ 5.25	5.28%	
1,000		\$ 129.95	\$ 136.29	\$ 6.34	4.88%	
1,500		\$ 190.80	\$ 199.31	\$ 8.51	4.46%	
2,000		\$ 251.65	\$ 262.33	\$ 10.68	4.24%	
3,000		\$ 373.35	\$ 388.36	\$ 15.01	4.02%	
5,000		\$ 616.75	\$ 640.44	\$ 23.69	3.84%	
Average	720	\$ 95.87	\$ 101.00	\$ 5.13	5.35%	

RESIDENTIAL TIME OF USE:							
kWh Usage	On Peak	Off Peak	PRESENT	PROPOSED			
Total	24%	76%	RATES	RATES	\$ INCREASE	% INCREASE	
Customer Charge			\$ 13.25	\$ 16.50	\$ 3.25	24.53%	
On-Peak Energy Charge, per kWh			\$ 0.165720	\$ 0.169040	\$ 0.003320	2.00%	
Off-Peak Energy Charge, per kWh			\$ 0.098410	\$ 0.101730	\$ 0.003320	3.37%	
50	12	38	\$ 18.98	\$ 22.39	\$ 3.41	17.97%	
100	24	76	\$ 24.71	\$ 28.29	\$ 3.58	14.49%	
250	60	190	\$ 41.89	\$ 45.97	\$ 4.08	9.74%	
500	120	380	\$ 70.53	\$ 75.44	\$ 4.91	6.96%	
750	180	570	\$ 99.17	\$ 104.91	\$ 5.74	5.79%	
1,000	240	760	\$ 127.81	\$ 134.38	\$ 6.57	5.14%	
1,500	360	1,140	\$ 185.10	\$ 193.33	\$ 8.23	4.45%	
2,000	480	1,520	\$ 242.38	\$ 252.27	\$ 9.89	4.08%	
3,000	720	2,280	\$ 356.94	\$ 370.15	\$ 13.21	3.70%	
5,000	1,200	3,800	\$ 586.07	\$ 605.92	\$ 19.85	3.39%	
Average							
	980	235	745	\$ 125.51	\$ 132.01	\$ 6.50	5.17%

GENERAL SERVICE, NON-DEMAND:					
kWh		PRESENT	PROPOSED		
Usage		RATES	RATES	\$ INCREASE	% INCREASE
Customer Charge		\$ 13.50	\$ 16.50	\$ 3.00	22.22%
Energy Charge		\$ 0.114000	\$ 0.118338	\$ 0.004338	3.81%
50		\$ 19.20	\$ 22.42	\$ 3.22	16.75%
100		\$ 24.90	\$ 28.33	\$ 3.43	13.79%
250		\$ 42.00	\$ 46.08	\$ 4.08	9.73%
500		\$ 70.50	\$ 75.67	\$ 5.17	7.33%
750		\$ 99.00	\$ 105.25	\$ 6.25	6.32%
1,000		\$ 127.50	\$ 134.84	\$ 7.34	5.76%
1,500		\$ 184.50	\$ 194.01	\$ 9.51	5.15%
2,000		\$ 241.50	\$ 253.18	\$ 11.68	4.83%
3,000		\$ 355.50	\$ 371.51	\$ 16.01	4.50%
5,000		\$ 583.50	\$ 608.19	\$ 24.69	4.23%
Average	508	\$ 71.41	\$ 76.62	\$ 5.20	7.29%

GENERAL SERVICE, DEMAND:							
kWh				PRESENT	PROPOSED		
Usage	kW	LF		RATES	RATES	\$ INCREASE	% INCREASE
Customer Charge				\$13.50	\$16.50	\$3.00	22.22%
First 10 kW				\$0.00	\$0.00		
Over 10 kW				\$7.45	\$8.00	\$0.55	7.38%
Energy Charge				\$0.114000	\$0.118338	\$0.004338	3.81%
730	5	20.00%		\$96.72	\$102.89	\$6.17	6.38%
1,460	5	40.00%		\$179.94	\$189.27	\$9.33	5.19%
2,190	5	60.00%		\$263.16	\$275.66	\$12.50	4.75%
2,920	5	80.00%		\$346.38	\$362.05	\$15.67	4.52%
2,920	20	20.00%		\$420.88	\$442.05	\$21.17	5.03%
5,840	20	40.00%		\$753.76	\$787.59	\$33.83	4.49%
8,760	20	60.00%		\$1,086.64	\$1,133.14	\$46.50	4.28%
11,680	20	80.00%		\$1,419.52	\$1,478.69	\$59.17	4.17%
5,110	35	20.00%		\$782.29	\$821.21	\$38.92	4.97%
10,220	35	40.00%		\$1,364.83	\$1,425.91	\$61.08	4.48%
15,330	35	60.00%		\$1,947.37	\$2,030.62	\$83.25	4.28%
20,440	35	80.00%		\$2,529.91	\$2,635.33	\$105.42	4.17%
7,154	49	20.00%		\$1,119.61	\$1,175.09	\$55.48	4.96%
14,308	49	40.00%		\$1,935.16	\$2,021.68	\$86.52	4.47%
21,462	49	60.00%		\$2,750.72	\$2,868.27	\$117.55	4.27%
28,616	49	80.00%		\$3,566.27	\$3,714.86	\$148.59	4.17%
Average	1,073	5.75	25.56%	\$135.82	\$143.48	\$7.65	5.64%

GENERAL SERVICE, TIME OF USE:								
kWh Usage	NCP kW	Peak kW	Peak LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
		0.08						
Customer Charge				\$ 14.45	\$ 18.00	\$ 3.55	24.57%	
On Peak kW				\$ 18.50	\$ 18.50			
Energy Charge				\$ 0.086200	\$ 0.090972	\$ 0.004772	5.54%	
730	5	0.40	20.00%	\$ 84.78	\$ 91.81	\$ 7.03	8.30%	
1,460	5	0.40	40.00%	\$ 147.70	\$ 158.22	\$ 10.52	7.12%	
2,190	5	0.40	60.00%	\$ 210.63	\$ 224.63	\$ 14.00	6.65%	
2,920	5	0.40	80.00%	\$ 273.55	\$ 291.04	\$ 17.48	6.39%	
2,920	20	1.60	20.00%	\$ 295.75	\$ 313.24	\$ 17.48	5.91%	
5,840	20	1.60	40.00%	\$ 547.46	\$ 578.88	\$ 31.42	5.74%	
8,760	20	1.60	60.00%	\$ 799.16	\$ 844.51	\$ 45.35	5.68%	
11,680	20	1.60	80.00%	\$ 1,050.87	\$ 1,110.15	\$ 59.29	5.64%	
5,110	35	2.80	20.00%	\$ 506.73	\$ 534.67	\$ 27.93	5.51%	
10,220	35	2.80	40.00%	\$ 947.21	\$ 999.53	\$ 52.32	5.52%	
15,330	35	2.80	60.00%	\$ 1,387.70	\$ 1,464.40	\$ 76.70	5.53%	
20,440	35	2.80	80.00%	\$ 1,828.18	\$ 1,929.27	\$ 101.09	5.53%	
7,154	49	3.92	20.00%	\$ 703.64	\$ 741.33	\$ 37.69	5.36%	
14,308	49	3.92	40.00%	\$ 1,320.32	\$ 1,392.15	\$ 71.83	5.44%	
21,462	49	3.92	60.00%	\$ 1,936.99	\$ 2,042.96	\$ 105.97	5.47%	
28,616	49	3.92	80.00%	\$ 2,553.67	\$ 2,693.77	\$ 140.11	5.49%	
Average								
1,618	16.79	1.37	13.20%	\$ 179.27	\$ 190.54	\$ 11.27	6.29%	

IRRIGATION:							
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
Base Charge			\$ 25.00	\$ 30.00	\$ 5.00	20.00%	
April - October							
Demand Charge, per kW			\$ 6.80	\$ 7.15	\$ 0.35	5.15%	
Energy Charge, per kWh			\$ 0.084300	\$ 0.088509	\$ 0.004209	4.99%	
November - March							
First 300 kWh/kW per Month			\$ 0.110000	\$ 0.114209	\$ 0.004209	3.83%	
Over 300 kWh/kW per Month			\$ 0.083000	\$ 0.087209	\$ 0.004209	5.07%	
3,650	25	20.00%	\$502.70	\$531.81	\$29.11	5.79%	
7,300	25	40.00%	\$810.39	\$854.87	\$44.48	5.49%	
10,950	25	60.00%	\$1,118.09	\$1,177.92	\$59.84	5.35%	
14,600	25	80.00%	\$1,425.78	\$1,500.98	\$75.20	5.27%	
7,300	50	20.00%	\$980.39	\$1,033.62	\$53.23	5.43%	
14,600	50	40.00%	\$1,595.78	\$1,679.73	\$83.95	5.26%	
21,900	50	60.00%	\$2,211.17	\$2,325.85	\$114.68	5.19%	
29,200	50	80.00%	\$2,826.56	\$2,971.96	\$145.40	5.14%	
21,900	150	20.00%	\$2,891.17	\$3,040.85	\$149.68	5.18%	
43,800	150	40.00%	\$4,737.34	\$4,979.19	\$241.85	5.11%	
65,700	150	60.00%	\$6,583.51	\$6,917.54	\$334.03	5.07%	
87,600	150	80.00%	\$8,429.68	\$8,855.89	\$426.21	5.06%	
43,800	300	20.00%	\$5,757.34	\$6,051.69	\$294.35	5.11%	
87,600	300	40.00%	\$9,449.68	\$9,928.39	\$478.71	5.07%	
131,400	300	60.00%	\$13,142.02	\$13,805.08	\$663.06	5.05%	
175,200	300	80.00%	\$16,834.36	\$17,681.78	\$847.42	5.03%	
Average							
12,307	35.00	48.17%	\$1,300.48	\$1,369.53	\$69.05	5.31%	

IRRIGATION - LOAD FACTOR:							
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
Base Charge			\$ 30.00	\$ 35.00	\$ 5.00	16.67%	
Energy Charge			\$ 0.090000	\$ 0.094120	\$ 0.004120	4.58%	
3,650	25	20.00%	\$358.50	\$378.54	\$20.04	5.59%	
7,300	25	40.00%	\$687.00	\$722.08	\$35.08	5.11%	
10,950	25	60.00%	\$1,015.50	\$1,065.61	\$50.11	4.93%	
14,600	25	80.00%	\$1,344.00	\$1,409.15	\$65.15	4.85%	
7,300	50	20.00%	\$687.00	\$722.08	\$35.08	5.11%	
14,600	50	40.00%	\$1,344.00	\$1,409.15	\$65.15	4.85%	
21,900	50	60.00%	\$2,001.00	\$2,096.23	\$95.23	4.76%	
29,200	50	80.00%	\$2,658.00	\$2,783.30	\$125.30	4.71%	
21,900	150	20.00%	\$2,001.00	\$2,096.23	\$95.23	4.76%	
43,800	150	40.00%	\$3,972.00	\$4,157.46	\$185.46	4.67%	
65,700	150	60.00%	\$5,943.00	\$6,218.68	\$275.68	4.64%	
87,600	150	80.00%	\$7,914.00	\$8,279.91	\$365.91	4.62%	
43,800	300	20.00%	\$3,972.00	\$4,157.46	\$185.46	4.67%	
87,600	300	40.00%	\$7,914.00	\$8,279.91	\$365.91	4.62%	
131,400	300	60.00%	\$11,856.00	\$12,402.37	\$546.37	4.61%	
175,200	300	80.00%	\$15,798.00	\$16,524.82	\$726.82	4.60%	
Average							
53,444	127.98	57.20%	\$4,839.96	\$5,065.15	\$225.19	4.65%	

IRRIGATION - DAILY CONTROL:							
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
Base Charge			\$ 25.00	\$ 30.00	\$ 5.00	20.00%	
First 300 kWh/kW, per Month			\$ 0.106300	\$ 0.110979	\$ 0.004679	4.40%	
Over 300 kWh/kW, per Month			\$ 0.079000	\$ 0.083679	\$ 0.004679	5.92%	
kWh Discount for Reaching Top Block			\$ 0.170000	\$ 0.170000	\$ -	0.00%	
3,650	25	20.00%	\$413.00	\$435.07	\$22.08	5.35%	
7,300	25	40.00%	\$800.99	\$840.15	\$39.16	4.89%	
10,950	25	60.00%	\$959.27	\$1,009.54	\$50.27	5.24%	
14,600	25	80.00%	\$1,247.62	\$1,314.97	\$67.35	5.40%	
7,300	50	20.00%	\$800.99	\$840.15	\$39.16	4.89%	
14,600	50	40.00%	\$1,576.98	\$1,650.29	\$73.31	4.65%	
21,900	50	60.00%	\$1,893.54	\$1,989.07	\$95.54	5.05%	
29,200	50	80.00%	\$2,470.24	\$2,599.93	\$129.70	5.25%	
21,900	150	20.00%	\$2,352.97	\$2,460.44	\$107.47	4.57%	
43,800	150	40.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
65,700	150	60.00%	\$5,630.61	\$5,907.22	\$276.62	4.91%	
87,600	150	80.00%	\$7,360.71	\$7,739.79	\$379.09	5.15%	
43,800	300	20.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
87,600	300	40.00%	\$9,336.88	\$9,751.76	\$414.88	4.44%	
131,400	300	60.00%	\$11,236.21	\$11,784.44	\$548.23	4.88%	
175,200	300	80.00%	\$14,696.41	\$15,449.58	\$753.17	5.12%	
Average							
14,477	59.82	33.15%	\$1,563.91	\$1,636.64	\$72.74	4.65%	

IRRIGATION - WEEKLY CONTROL:							
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
Base Charge			\$ 25.00	\$ 30.00	\$ 5.00	20.00%	
First 300 kWh/kW, per Month			\$ 0.106300	\$ 0.110979	\$ 0.004679	4.40%	
Over 300 kWh/kW, per Month			\$ 0.079000	\$ 0.083679	\$ 0.004679	5.92%	
kWh Discount for Reaching Top Block			\$ 0.050000	\$ 0.050000	\$ -	0.00%	
3,650	25	20.00%	\$413.00	\$435.07	\$22.08	5.35%	
7,300	25	40.00%	\$800.99	\$840.15	\$39.16	4.89%	
10,950	25	60.00%	\$1,054.94	\$1,109.42	\$54.48	5.16%	
14,600	25	80.00%	\$1,343.29	\$1,414.85	\$71.56	5.33%	
7,300	50	20.00%	\$800.99	\$840.15	\$39.16	4.89%	
14,600	50	40.00%	\$1,576.98	\$1,650.29	\$73.31	4.65%	
21,900	50	60.00%	\$2,084.88	\$2,188.84	\$103.96	4.99%	
29,200	50	80.00%	\$2,661.58	\$2,799.69	\$138.12	5.19%	
21,900	150	20.00%	\$2,352.97	\$2,460.44	\$107.47	4.57%	
43,800	150	40.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
65,700	150	60.00%	\$6,204.63	\$6,506.51	\$301.88	4.87%	
87,600	150	80.00%	\$7,934.73	\$8,339.08	\$404.35	5.10%	
43,800	300	20.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
87,600	300	40.00%	\$9,336.88	\$9,751.76	\$414.88	4.44%	
131,400	300	60.00%	\$12,384.25	\$12,983.02	\$598.77	4.83%	
175,200	300	80.00%	\$15,844.45	\$16,648.16	\$803.71	5.07%	
Average							
18,309	61.47	40.80%	\$1,971.25	\$2,061.91	\$90.67	4.60%	

IRRIGATION - 2X WEEKLY CONTROL:							
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	Change		
					\$ INCREASE	% INCREASE	
Base Charge			\$ 25.00	\$ 30.00	\$ 5.00	20.00%	
First 300 kWh/kW, per Month			\$ 0.106300	\$ 0.110979	\$ 0.004679	4.40%	
Over 300 kWh/kW, per Month			\$ 0.079000	\$ 0.083679	\$ 0.004679	5.92%	
kWh Discount for Reaching Top Block			\$ 0.100000	\$ 0.100000	\$ -	0.00%	
3,650	25	20.00%	\$413.00	\$435.07	\$22.08	5.35%	
7,300	25	40.00%	\$800.99	\$840.15	\$39.16	4.89%	
10,950	25	60.00%	\$1,015.08	\$1,067.80	\$52.73	5.19%	
14,600	25	80.00%	\$1,303.43	\$1,373.23	\$69.80	5.36%	
7,300	50	20.00%	\$800.99	\$840.15	\$39.16	4.89%	
14,600	50	40.00%	\$1,576.98	\$1,650.29	\$73.31	4.65%	
21,900	50	60.00%	\$2,005.15	\$2,105.60	\$100.45	5.01%	
29,200	50	80.00%	\$2,581.85	\$2,716.46	\$134.61	5.21%	
21,900	150	20.00%	\$2,352.97	\$2,460.44	\$107.47	4.57%	
43,800	150	40.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
65,700	150	60.00%	\$5,965.45	\$6,256.80	\$291.35	4.88%	
87,600	150	80.00%	\$7,695.55	\$8,089.37	\$393.82	5.12%	
43,800	300	20.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
87,600	300	40.00%	\$9,336.88	\$9,751.76	\$414.88	4.44%	
131,400	300	60.00%	\$11,905.90	\$12,483.61	\$577.71	4.85%	
175,200	300	80.00%	\$15,366.10	\$16,148.75	\$782.65	5.09%	
Average							
18,927	69.23	37.45%	\$2,036.94	\$2,130.50	\$93.56	4.59%	

IRRIGATION - DAILY CONTROL/LARGE:								
kWh Usage	NCP kW	CP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
		0.99%						
Base Charge				\$ 25.00	\$ 30.00	\$ 5.00	20.00%	
First 300 kWh/kW, per Month				\$ 0.106300	\$ 0.110979	\$ 0.004679	4.40%	
Over 300 kWh/kW, per Month				\$ 0.079000	\$ 0.083679	\$ 0.004679	5.92%	
kWh Discount for Reaching Top Block				\$ 0.100000	\$ 0.100000	\$ -	0.00%	
3,650	25	0	20.00%	\$413.00	\$435.07	\$22.08	5.35%	
7,300	25	0	40.00%	\$800.99	\$840.15	\$39.16	4.89%	
10,950	25	0	60.00%	\$1,015.08	\$1,067.80	\$52.73	5.19%	
14,600	25	0	80.00%	\$1,303.43	\$1,373.23	\$69.80	5.36%	
7,300	50	0	20.00%	\$800.99	\$840.15	\$39.16	4.89%	
14,600	50	0	40.00%	\$1,576.98	\$1,650.29	\$73.31	4.65%	
21,900	50	0	60.00%	\$2,005.15	\$2,105.60	\$100.45	5.01%	
29,200	50	0	80.00%	\$2,581.85	\$2,716.46	\$134.61	5.21%	
21,900	150	1	20.00%	\$2,352.97	\$2,460.44	\$107.47	4.57%	
43,800	150	1	40.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
65,700	150	1	60.00%	\$5,965.45	\$6,256.80	\$291.35	4.88%	
87,600	150	1	80.00%	\$7,695.55	\$8,089.37	\$393.82	5.12%	
43,800	300	3	20.00%	\$4,680.94	\$4,890.88	\$209.94	4.49%	
87,600	300	3	40.00%	\$9,336.88	\$9,751.76	\$414.88	4.44%	
131,400	300	3	60.00%	\$11,905.90	\$12,483.61	\$577.71	4.85%	
175,200	300	3	80.00%	\$15,366.10	\$16,148.75	\$782.65	5.09%	
Average								
30,812	85.75	1	49.22%	\$2,887.98	\$3,025.12	\$137.13	4.75%	

LARGE POWER:							
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
Base Charge			\$ 44.25	\$ 55.00	\$ 10.75	24.29%	
Demand Charge, per kW			\$ 6.80	\$ 7.05	\$ 0.25	3.68%	
Energy Charge, per kWh			\$ 0.077000	\$ 0.079844	\$ 0.002844	3.69%	
7,300	50	20.00%	\$946.35	\$990.36	\$44.01	4.65%	
14,600	50	40.00%	\$1,508.45	\$1,573.22	\$64.77	4.29%	
21,900	50	60.00%	\$2,070.55	\$2,156.08	\$85.53	4.13%	
29,200	50	80.00%	\$2,632.65	\$2,738.94	\$106.29	4.04%	
29,200	200	20.00%	\$3,652.65	\$3,796.44	\$143.79	3.94%	
58,400	200	40.00%	\$5,901.05	\$6,127.89	\$226.84	3.84%	
87,600	200	60.00%	\$8,149.45	\$8,459.33	\$309.88	3.80%	
116,800	200	80.00%	\$10,397.85	\$10,790.78	\$392.93	3.78%	
51,100	350	20.00%	\$6,358.95	\$6,602.53	\$243.58	3.83%	
102,200	350	40.00%	\$10,293.65	\$10,682.56	\$388.91	3.78%	
153,300	350	60.00%	\$14,228.35	\$14,762.59	\$534.24	3.75%	
204,400	350	80.00%	\$18,163.05	\$18,842.61	\$679.56	3.74%	
73,000	500	20.00%	\$9,065.25	\$9,408.61	\$343.36	3.79%	
146,000	500	40.00%	\$14,686.25	\$15,237.22	\$550.97	3.75%	
219,000	500	60.00%	\$20,307.25	\$21,065.84	\$758.59	3.74%	
292,000	500	80.00%	\$25,928.25	\$26,894.45	\$966.20	3.73%	
Average							
28,264	98.80	39.19%	\$2,892.42	\$3,008.25	\$115.83	4.00%	

LARGE POWER - SEASONAL:							
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE	
Base Charge			\$ 56.25	\$ 67.00	\$ 10.75	19.11%	
Demand Charge, per kW			\$ 9.40	\$ 9.55	\$ 0.15	1.60%	
Energy Charge, per kWh			\$ 0.076000	\$ 0.079844	\$ 0.003844	5.06%	
7,300	50	20.00%	\$1,081.05	\$1,127.36	\$46.31	4.28%	
14,600	50	40.00%	\$1,635.85	\$1,710.22	\$74.37	4.55%	
21,900	50	60.00%	\$2,190.65	\$2,293.08	\$102.43	4.68%	
29,200	50	80.00%	\$2,745.45	\$2,875.94	\$130.49	4.75%	
29,200	200	20.00%	\$4,155.45	\$4,308.44	\$152.99	3.68%	
58,400	200	40.00%	\$6,374.65	\$6,639.89	\$265.24	4.16%	
87,600	200	60.00%	\$8,593.85	\$8,971.33	\$377.48	4.39%	
116,800	200	80.00%	\$10,813.05	\$11,302.78	\$489.73	4.53%	
51,100	350	20.00%	\$7,229.85	\$7,489.53	\$259.68	3.59%	
102,200	350	40.00%	\$11,113.45	\$11,569.56	\$456.11	4.10%	
153,300	350	60.00%	\$14,997.05	\$15,649.59	\$652.54	4.35%	
204,400	350	80.00%	\$18,880.65	\$19,729.61	\$848.96	4.50%	
73,000	500	20.00%	\$10,304.25	\$10,670.61	\$366.36	3.56%	
146,000	500	40.00%	\$15,852.25	\$16,499.22	\$646.97	4.08%	
219,000	500	60.00%	\$21,400.25	\$22,327.84	\$927.59	4.33%	
292,000	500	80.00%	\$26,948.25	\$28,156.45	\$1,208.20	4.48%	
Average							
30,812	152.06	27.76%	\$3,827.33	\$3,979.33	\$152.00	3.97%	

LARGE POWER - INDUSTRIAL:						
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE
Base Charge			\$ 233.50	\$ 233.50	\$ -	0.00%
Demand Charge, per kW			\$ 6.25	\$ 6.45	\$ 0.200000	3.20%
First 400 kWh/kW per Month			\$ 0.076700	\$ 0.079830	\$ 0.003130	4.08%
Over 400 kWh/kW per Month			\$ 0.047600	\$ 0.050730	\$ 0.003130	6.58%
73,000	500	20.00%	\$8,957.60	\$9,286.09	\$328.49	3.67%
146,000	500	40.00%	\$14,556.70	\$15,113.68	\$556.98	3.83%
219,000	500	60.00%	\$19,602.90	\$20,388.37	\$785.47	4.01%
292,000	500	80.00%	\$23,077.70	\$24,091.66	\$1,013.96	4.39%
109,500	750	20.00%	\$13,319.65	\$13,812.39	\$492.74	3.70%
219,000	750	40.00%	\$21,718.30	\$22,553.77	\$835.47	3.85%
328,500	750	60.00%	\$29,287.60	\$30,465.81	\$1,178.21	4.02%
438,000	750	80.00%	\$34,499.80	\$36,020.74	\$1,520.94	4.41%
146,000	1,000	20.00%	\$17,681.70	\$18,338.68	\$656.98	3.72%
292,000	1,000	40.00%	\$28,879.90	\$29,993.86	\$1,113.96	3.86%
438,000	1,000	60.00%	\$38,972.30	\$40,543.24	\$1,570.94	4.03%
584,000	1,000	80.00%	\$45,921.90	\$47,949.82	\$2,027.92	4.42%
219,000	1,500	20.00%	\$26,405.80	\$27,391.27	\$985.47	3.73%
438,000	1,500	40.00%	\$43,203.10	\$44,874.04	\$1,670.94	3.87%
657,000	1,500	60.00%	\$58,341.70	\$60,698.11	\$2,356.41	4.04%
876,000	1,500	80.00%	\$68,766.10	\$71,807.98	\$3,041.88	4.42%
Average						
270,059	728.42	50.79%	\$25,499.65	\$26,490.62	\$990.97	3.89%

RV PARKS:						
kWh Usage	NCP kW	LF	PRESENT RATES	PROPOSED RATES	\$ INCREASE	% INCREASE
Base Charge			\$ 43.55	\$ 50.00	\$ 6.45	14.81%
Demand Charge, per kW			\$ 6.70	\$ 6.70	\$ -	0.00%
Energy Charge, per kWh			\$ 0.076500	\$ 0.081102	\$ 0.004602	6.02%
14,600	100	20.00%	\$1,830.45	\$1,904.09	\$73.64	4.02%
29,200	100	40.00%	\$2,947.35	\$3,088.18	\$140.83	4.78%
43,800	100	60.00%	\$4,064.25	\$4,272.27	\$208.02	5.12%
58,400	100	80.00%	\$5,181.15	\$5,456.36	\$275.21	5.31%
29,200	200	20.00%	\$3,617.35	\$3,758.18	\$140.83	3.89%
58,400	200	40.00%	\$5,851.15	\$6,126.36	\$275.21	4.70%
87,600	200	60.00%	\$8,084.95	\$8,494.54	\$409.59	5.07%
116,800	200	80.00%	\$10,318.75	\$10,862.71	\$543.96	5.27%
51,100	350	20.00%	\$6,297.70	\$6,539.31	\$241.61	3.84%
102,200	350	40.00%	\$10,206.85	\$10,683.62	\$476.77	4.67%
153,300	350	60.00%	\$14,116.00	\$14,827.94	\$711.94	5.04%
204,400	350	80.00%	\$18,025.15	\$18,972.25	\$947.10	5.25%
73,000	500	20.00%	\$8,978.05	\$9,320.45	\$342.40	3.81%
146,000	500	40.00%	\$14,562.55	\$15,240.89	\$678.34	4.66%
219,000	500	60.00%	\$20,147.05	\$21,161.34	\$1,014.29	5.03%
292,000	500	80.00%	\$25,731.55	\$27,081.78	\$1,350.23	5.25%
Average						
33,116	104.51	43.41%	\$3,277.14	\$3,435.99	\$158.85	4.85%

STREET LIGHTING:							
Description	Usage	PRESENT		PROPOSED		\$ INCREASE	% INCREASE
		RATES		RATES			
Cooperative Investment Street Lighting							
70 Watt HPS	25	\$	12.31	\$	12.90	\$0.59	4.79%
100 Watt HPS - Single/Wood Pole	36	\$	11.19	\$	11.73	\$0.54	4.83%
100 Watt HPS - Single/Steel Pole	36	\$	15.97	\$	16.74	\$0.77	4.82%
100 Watt HPS - Double/Wood Pole	72	\$	20.69	\$	21.68	\$0.99	4.78%
100 Watt HPS - Double/Steele Pole	72	\$	23.00	\$	24.10	\$1.10	4.78%
175 Watt MV - Single/Wood Pole	63	\$	12.94	\$	13.56	\$0.62	4.79%
175 Watt MV - Single/Steel Pole	63	\$	15.69	\$	16.44	\$0.75	4.78%
175 Watt MV - Double/Wood Pole	126	\$	23.38	\$	24.50	\$1.12	4.79%
175 Watt MV - Double/Steele Pole	126	\$	25.63	\$	26.86	\$1.23	4.80%
150 Watt HPS - Single/Wood Pole	54	\$	14.69	\$	15.40	\$0.71	4.83%
150 Watt HPS - Single/Steel Pole	54	\$	17.69	\$	18.54	\$0.85	4.80%
150 Watt HPS - Double/Wood Pole	108	\$	27.63	\$	28.96	\$1.33	4.81%
150 Watt HPS - Double/Steele Pole	108	\$	30.13	\$	31.58	\$1.45	4.81%
250 Watt MV - Single/Wood Pole	90	\$	16.69	\$	17.49	\$0.80	4.79%
250 Watt MV - Single/Steel Pole	90	\$	19.75	\$	20.70	\$0.95	4.81%
250 Watt MV - Double/Wood Pole	180	\$	31.00	\$	32.49	\$1.49	4.81%
250 Watt MV - Double/Steele Pole	180	\$	33.50	\$	35.11	\$1.61	4.81%
250 Watt HPS - Single/Wood Pole	90	\$	20.56	\$	21.55	\$0.99	4.82%

250 Watt HPS - Single/Steel Pole	90	\$	23.31	\$	24.43	\$1.12	4.80%
250 Watt HPS - Double/Wood Pole	180	\$	39.25	\$	41.13	\$1.88	4.79%
250 Watt HPS - Double/Steele Pole	180	\$	41.25	\$	43.23	\$1.98	4.80%
400 Watt MV - Single/Wood Pole	144	\$	23.19	\$	24.30	\$1.11	4.79%
400 Watt MV - Single/Steel Pole	144	\$	25.94	\$	27.19	\$1.25	4.82%
400 Watt MV - Double/Wood Pole	288	\$	44.06	\$	46.17	\$2.11	4.79%
400 Watt MV - Double/Steele Pole	288	\$	46.13	\$	48.34	\$2.21	4.79%
<u>Customer Investment Street Lighting</u>							
100 Watt HPS - Single/Wood Pole	25	\$	8.63	\$	9.04	\$0.41	4.75%
100 Watt HPS - Single/Steel Pole	36	\$	10.19	\$	10.68	\$0.49	4.81%
100 Watt HPS - Double/Wood Pole	36	\$	16.56	\$	17.35	\$0.79	4.77%
100 Watt HPS - Double/Steele Pole	72	\$	17.56	\$	18.40	\$0.84	4.78%
175 Watt MV - Single/Wood Pole	72	\$	10.25	\$	10.74	\$0.49	4.78%
175 Watt MV - Single/Steel Pole	63	\$	11.69	\$	12.25	\$0.56	4.79%
175 Watt MV - Double/Wood Pole	63	\$	19.13	\$	20.05	\$0.92	4.81%
175 Watt MV - Double/Steele Pole	126	\$	20.13	\$	21.10	\$0.97	4.82%
150 Watt HPS - Single/Wood Pole	126	\$	11.56	\$	12.11	\$0.55	4.76%

150 Watt HPS - Single/Steel Pole	54	\$	13.13	\$	13.76	\$0.63	4.80%
150 Watt HPS - Double/Wood Pole	54	\$	22.06	\$	23.12	\$1.06	4.81%
150 Watt HPS - Double/Steele Pole	108	\$	23.25	\$	24.37	\$1.12	4.82%
250 Watt MV - Single/Wood Pole	108	\$	13.44	\$	14.09	\$0.65	4.84%
250 Watt MV - Single/Steel Pole	90	\$	15.06	\$	15.78	\$0.72	4.78%
250 Watt MV - Double/Wood Pole	90	\$	24.63	\$	25.81	\$1.18	4.79%
250 Watt MV - Double/Steele Pole	180	\$	26.56	\$	27.83	\$1.27	4.78%
250 Watt HPS - Single/Wood Pole	180	\$	16.88	\$	17.69	\$0.81	4.80%
250 Watt HPS - Single/Steel Pole	90	\$	18.25	\$	19.13	\$0.88	4.82%
250 Watt HPS - Double/Wood Pole	90	\$	32.81	\$	34.38	\$1.57	4.79%
250 Watt HPS - Double/Steele Pole	180	\$	33.38	\$	34.98	\$1.60	4.79%
400 Watt MV - Single/Wood Pole	180	\$	19.44	\$	20.37	\$0.93	4.78%
400 Watt MV - Single/Steel Pole	144	\$	20.81	\$	21.81	\$1.00	4.81%
400 Watt MV - Double/Wood Pole	144	\$	37.75	\$	39.56	\$1.81	4.79%
400 Watt MV - Double/Steele Pole	288	\$	38.06	\$	39.89	\$1.83	4.81%

SECURITY LIGHTING:

Description	Usage	PRESENT		PROPOSED		\$ INCREASE	% INCREASE
		RATES		RATES			
175 Watt MV	60	\$	11.40	\$	11.97	\$0.57	5.00%
100 Watt HPS	60	\$	10.92	\$	11.47	\$0.55	5.04%
35 Watt LPS	60	\$	8.82	\$	9.26	\$0.44	4.99%
Poles		\$	1.95	\$	2.05	\$0.10	5.13%

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

IN THE MATTER OF THE APPLICATION
OF SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC., FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS PROPERTY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN,
AND FOR RELATED APPROVALS.

DOCKET NO. E-01575A-13-0296

DECISION NO. _____

ORDER

Open Meeting

March 11 and March 12, 2014

Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes and orders that:

FINDINGS OF FACT

1. In Decision No. 73649, dated February 6, 2013, the Commission adopted a new
section in the Arizona Administrative Code ("A.A.C.") R14-2-107, establishing an alternative
streamlined ratemaking application and process for nonprofit cooperatives providing electric or
natural gas utility service ("Rule 107"). This decision also amended the existing rule establishing
the filing and processing requirements for a public service corporation rate application ("Rule
103").

2. On July 26, 2013, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or
"the Cooperative") began the process of a rate application under Rule 107. SSVEC met with the

1 Commission's Utilities Division ("Staff") to formally submit a Request for Pre-Filing Eligibility
2 Review in accordance with A.A.C. R14-2-107(C).

3 3. On September 4, 2013, SSVEC met with Staff in accordance with A.A.C. R14-2-
4 107(C)(3) to review eligibility in filing under Rule 107, finalize the form of customer notice and
5 discuss a proposed form of recommended order.

6 4. On September 4, 2013, SSVEC filed a Request for Docket Number and Notice of
7 Filing Proposed Form of Customer Notice. A Docket Number was assigned opening this rate
8 application docket.

9 5. On September 25, 2013, SSVEC filed a certification of mailing for the Customer
10 Notice. The Customer Notice was mailed via first class mail to all SSVEC customers over two
11 mailing days: Saturday, September 7, 2013 and Monday, September 9, 2013. The customer notice
12 set a deadline of October 9, 2013 for customers of SSVEC to file intervention requests and/or
13 objections to the rate application that SSVEC anticipated filing on September 27, 2013.

14 6. On September 30, 2013, SSVEC filed its application for a rate increase ("the
15 Application") under Rule 107 in Docket No. E-01575A-13-0296.

16 7. By the close of business on October 9, 2013, the Commission had received 12
17 objections to the rate increase, below the 1,000 required to make SSVEC ineligible for the Rule
18 107 process. There were no intervention requests filed.

19 8. On October 23, 2013, Staff filed a letter of eligibility in the docket indicating that
20 SSVEC had met all of the requirements outlined in Rule 107.

21 9. On October 23, 2013, Staff filed a letter of sufficiency indicating the data provided
22 by SSVEC in the Application were sufficient in meeting the requirements of a cooperative rate
23 application.

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DESCRIPTION OF SSVEC

10. SSVEC is a member-owned Arizona non-profit cooperative with its principal business office in Willcox, Arizona. SSVEC is a public service corporation providing electric distribution service to approximately 51,000 customers in parts of Cochise, Santa Cruz, Pima and Graham counties.

11. SSVEC is a Class A Utility under A.A.C. R14-2-103(A)(3)(q).

12. SSVEC has a 12-member Board of Directors ("Board") elected to oversee all aspects of the Cooperative's operations and approves the annual operating budget. The Board approved the filing of the Application at a special meeting of the Board on June 19, 2013.

13. SSVEC's last rate case was filed on June 30, 2008 and approved in Decision No. 71274 on September 8, 2009. The current rates went into effect September 1, 2009.

SSVEC PROPOSALS

14. In the Application, SSVEC utilized a test year ending December 31, 2012.

15. Also in the Application, SSVEC requested to increase its annual gross revenue requirement by \$4,886,307, from adjusted test year total revenues of \$108,713,261 to \$113,599,568. This increase represents an increase of 4.49% over adjusted test year total revenue (the increase is an increase of 4.92% over adjusted test year base revenue).

16. In its filing, SSVEC stated the rate application would result in Operating Income of \$6,747,430 and Net Income of \$9,867,587.

17. SSVEC stated the rate increase is necessary to recover increased operating costs in the categories of operation and maintenance, consumer accounts, customer service and information, sales, administrative and general, depreciation and amortization, taxes, interest and payroll. The rate increase would allow SSVEC to maintain the financial integrity of the Cooperative.

18. As attachments to the Application, SSVEC submitted audited financial statements for the year ended June 30, 2012, and a copy of its certified annual financial and statistical report to the National Rural Utilities Cooperative Finance Corporation ("CFC") for calendar year 2012.

...

COOPERATIVE ELIGIBILITY

19. For a cooperative to utilize the streamlined rate case process referred to as Rule 107, several eligibility requirements must be met prior to beginning the process. As documented in the letter of eligibility, Staff agrees that SSVEC has taken the necessary steps to comply with the eligibility requirements of Rule 107.

STAFF ANALYSIS

20. As part of its review of the Application, Staff reviewed the purchased power costs, the fuel bank balance, the base revenue increase and test year data, the level of increase requested for each rate schedule/class, the applicability of the capital projects and Plant In Service ("PIS"), the acceptability of system losses and reliability indices, the proposed rate base, revenue, expenses and the proposed revenue requirement, and also completed a compliance review.

21. SSVEC and Staff, the only parties to this case, are in agreement on all issues in this case.

Purchased Power Costs

22. SSVEC reported purchased power costs for the test year equal to \$67,075,507 with one adjustment to purchased power costs equal to \$256,212. This adjustment was attributed to the methodology used to record net metering costs and revenue each month. In the test year, SSVEC recorded revenue from net metering customers based on all energy delivered to net metered customers and booked as a cost of power (at the full retail rate) all energy received from net metered customers. In 2013, this methodology of showing all revenue and cost transactions was replaced with a recording of just the net transaction. As a result, SSVEC incorporated an adjustment to the purchased power costs for the test year and also made a corresponding revenue adjustment.

23. SSVEC and Staff agree on the adjusted purchased power costs filed in the Application.

24. SSVEC did not calculate a new base cost of power in the Application. Rule 107 specifies that the increase request of a maximum of 6% is in base revenue not attributed to revenue from an adjustor mechanism. In the Application, revenue attributed to the Wholesale Power Cost

1 Adjustor ("WPCA") was treated as revenue from an adjustor. As a result, the revenue from the
2 WPCA was held constant from the test year and the base cost of power established in Decision No.
3 71274 of \$0.072127 per kWh remained unchanged for the purpose of calculating the WPCA
4 adjustor. The WPCA is designed to recover or refund the difference between the base cost of
5 power included in the Cooperative's base rates and the actual cost of power.

6 25. SSVEC and Staff agree on the definition of base revenue and agree the base cost of
7 power should remain unchanged from that established in Decision No. 71274.

8 Rate Design

9 26. SSVEC's proposed increase is below the maximum increase of 6% permitted under
10 Rule 107. Also in accordance with Rule 107, monthly customer charge increases for the
11 residential rate class are less than 25% and there are no changes requested to the percentage
12 relationship of the rate blocks. SSVEC did not propose any rate structure change or non-price
13 tariff change.

14 27. SSVEC and Staff agree on the rates set forth in Exhibit A, which is attached hereto
15 and incorporated herein.

16 Staff Engineering

17 28. Staff physically inspected SSVEC's distribution facilities on October 10, 2013.
18 Staff evaluated the Cooperative from an engineering perspective based on key metrics, an analysis
19 of construction expenditures included in PIS and a facilities inspection.

20 29. Based on its analysis, Staff concluded that SSVEC:

- 21 1. has, since its last rate case, developed its system with a focus on
22 improving reliability, including wood pole replacements and expanding
23 its supervisory control and data acquisition system;
- 24 2. has an acceptable level of system losses, consistent with industry
25 guidelines; and
- 26 3. has a satisfactory System Average Interruption Duration Index in the
27 historic period from 2008 through 2012, reflecting a satisfactory level of
28 reliability.

30. Staff finds the projects constructed and included in PIS since SSVEC's last rate case to be used and useful.

Rate Base, Revenues, and Expenses

31. The Application requested rate base of \$196,598,401, adjusted test year revenues of \$108,713,261, and expenses of \$99,604,563.

32. SSVEC and Staff are in agreement on the proposed rate base, revenues, and expenses and recommends adoption.

Revenue Requirement and Rate of Return

33. SSVEC proposed a revenue requirement of \$113,599,468. The proposed revenue requirement would produce an operating income of \$6,747,430 for a 3.43 percent rate of return and yield net income of \$9,867,587.

34. SSVEC's proposed revenue would produce a 1.26 times interest earned ratio and a 1.70 debt service coverage ratio.

35. SSVEC and Staff recommend adoption of SSVEC's proposed revenue requirement.

Consumer Services

36. Staff reviewed the Commission's records between January 1, 2011 and December 31, 2013, and found 68 complaints during that period of time. All of those complaints have been resolved and closed. To date in 2014, Consumer Services has received one complaint regarding quality of service, which is currently open.

37. As noted above, Consumer Services received 12 customer opinions to the Application which was within the limits to proceed under Rule 107. The Corporations Division of the Commission finds the Cooperative in "Good Standing".

CONCLUSIONS

38. SSVEC's Application is in compliance with Rule 107 allowing SSVEC's rate case to be processed under the alternative streamlined process.

39. SSVEC and Staff are not requesting a hearing in this matter.

40. SSVEC's OCRB and FVRB is determined to be \$196,598,401.

41. SSVEC's proposed rate increases for each customer class are within the guidelines established in Rule 107.

42. During the thirty (30) days customers had in which to object to the rate increase, only 12 customers filed objections which is below the number required to cease processing under Rule 107.

43. Staff is in agreement with SSVEC's proposed rate base of \$196,598,401, adjusted test year revenues of \$108,713,261, and expenses of \$99,604,563.

44. The rates and charges approved herein will produce an operating income of \$6,747,430 for a 3.43 percent rate of return and yield net income of \$9,867,587.

45. The rates and charges approved herein will produce a 1.26 times interest earned ratio ("TIER") and a 1.70 debt service coverage ratio ("DSC").

46. The rates and charges approved herein will increase revenues by \$4,886,307, or a 4.49% increase in total revenue (an increase of 4.92% in total base revenue).

47. The rate design proposed by SSVEC and agreed to by Staff should be adopted.

48. The base cost of power should remain at \$0.072127 per kWh.

49. Under the rates approved herein, a residential customer with average monthly usage of 720 kWh will experience a rate increase of \$5.13 (5.35%) from the current amount of \$95.87 to \$101.00. The median residential customer with a monthly consumption of 602 kWh will experience a rate increase of \$4.61 (5.66%) from the current amount of \$81.51 to \$86.12.

50. SSVEC and Staff are in agreement that a hearing is not requested in this case.

51. In Decision 71274, the Commission ordered that SSVEC file, in its next rate case, detailed and conventional unbundled rates that do not provide incentive or disincentive for customers who want to choose competitive generation. The Commission finds that the rates and charges proposed by SSVEC in the Application meet the conditions of the ordering paragraph on page 50 of Decision No. 71274.

CONCLUSIONS OF LAW

1. Sulphur Springs Valley Electric Cooperative Inc. is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

2. The Commission has jurisdiction over Sulphur Springs Valley Electric Cooperative, Inc. and the subject matter of the application.

3. Notice of the application was given in accordance with law.

4. The rates and charges authorized herein are just and reasonable.

5. It is just and reasonable and in the public interest to approve the rates and charges set forth in Exhibit A.

ORDER

IT IS THEREFORE ORDERED that the rates and charges set forth in Exhibit A be and hereby are approved for Sulphur Springs Valley Electric Cooperative, Inc.

IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. is hereby directed to file, on or before, May 1, 2014, tariffs with a new schedule of rates and charges consistent with Exhibit A.

IT IS FURTHER ORDERED that the revised schedules of rates and charges shall be effective for April 2014 usage billed on or after the May 1, 2014.

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1 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall
2 notify its customers of the revised schedules of rates and charges authorized herein by means of an
3 insert, in a form acceptable to Staff, included in its next regularly scheduled billing, and by posting
4 on its website.

5 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s base
6 cost of power remains at \$0.072127 per kWh.

7 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

8
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

10
11 CHAIRMAN

COMMISSIONER

12
13
14 COMMISSIONER

COMMISSIONER

COMMISSIONER

15 IN WITNESS WHEREOF, I, JODI JERICH, Executive
16 Director of the Arizona Corporation Commission, have
17 hereunto, set my hand and caused the official seal of this
18 Commission to be affixed at the Capitol, in the City of
19 Phoenix, this _____ day of _____, 2014.

20 _____
21 JODI JERICH
22 EXECUTIVE DIRECTOR

23 DISSENT: _____

24 DISSENT: _____

25 SMO:RSP:sms\WVC
26
27
28

1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.
2 DOCKET NO. E-01575A-13-0296

3 Mr. Jeffrey W. Crockett, Esq.
4 Attorney for Sulphur Springs Valley Electric Cooperative, Inc.
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7 Ms. Lyn A. Farmer, Esq.
8 Chief Administrative Law Judge
9 Hearing Division
10 Arizona Corporation Commission
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11 Mr. Steven M. Olea
12 Director, Utilities Division
13 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

14 Ms. Janice M. Alward
15 Chief Counsel, Legal Division
16 Arizona Corporation Commission
1200 West Washington Street
17 Phoenix, Arizona 85007

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

	<u>Approved Rates</u>		
	<u>Power</u> <u>Supply</u>	<u>Dist</u> <u>Wires</u>	<u>Total</u>
RESIDENTIAL			
<u>Standard</u>			
Base Charge	\$ -	\$ 10.25	\$ 10.25
All kWh	\$ 0.0786	\$ 0.0474	\$ 0.1260
<u>Time of Use</u>			
Base Charge	\$ -	\$ 16.50	\$ 16.50
On-Peak kWh	\$ 0.1473	\$ 0.0217	\$ 0.1690
Off-Peak kWh	\$ 0.0406	\$ 0.0611	\$ 0.1017
GENERAL SERVICE			
<u>Non-Demand</u>			
Base Charge 1 Phase	\$ -	\$ 16.50	\$ 16.50
Base Charge 3 Phase	\$ -	\$ 16.50	\$ 16.50
kWh	\$ 0.0926	\$ 0.0258	\$ 0.1183
<u>Demand</u>			
Base Charge 1 Phase	\$ -	\$ 16.50	\$ 16.50
Base Charge 3 Phase	\$ -	\$ 16.50	\$ 16.50
First	\$ -	\$ -	\$ -
Over	\$ 6.50	\$ 1.50	\$ 8.00
kWh	\$ 0.0771	\$ 0.0413	\$ 0.1183
<u>Demand Time of Use</u>			
Base Charge 1 Phase	\$ -	\$ 18.00	\$ 18.00
Base Charge 3 Phase	\$ -	\$ 18.00	\$ 18.00
On-Peak kW	\$ 18.50	\$ -	\$ 18.50
kWh	\$ 0.0372	\$ 0.0538	\$ 0.0910
IRRIGATION			
<u>Standard</u>			
Base Charge	\$ -	\$ 30.00	\$ 30.00
kW (April-Oct)	\$ 6.00	\$ 1.15	\$ 7.15
kWh (April-Oct)	\$ 0.0500	\$ 0.0385	\$ 0.0885
kWh (Nov-March)			
First	\$ 0.0753	\$ 0.0389	\$ 0.1142
Over	\$ 0.0453	\$ 0.0419	\$ 0.0872
<u>Load Factor</u>			
Base Charge	\$ -	\$ 35.00	\$ 35.00
kWh	\$ 0.0742	\$ 0.0199	\$ 0.0941

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

	<u>Approved Rates</u>		
	<u>Power</u>	<u>Dist</u>	
	<u>Supply</u>	<u>Wires</u>	<u>Total</u>
<u>Daily Control</u>			
Base Charge	\$ -	\$ 30.00	\$ 30.00
Override penalty	\$ 19.00	\$ -	\$ 19.00
First	\$ 0.0637	\$ 0.0473	\$ 0.1110
Over	\$ 0.0337	\$ 0.0500	\$ 0.0837
Discount kWh	\$ 0.0529	\$ 0.0392	\$ 0.0921
<u>Weekly Control</u>			
Base Charge	\$ -	\$ 30.00	\$ 30.00
Override penalty	\$ 19.00	\$ -	\$ 19.00
First	\$ 0.0637	\$ 0.0473	\$ 0.1110
Over	\$ 0.0337	\$ 0.0500	\$ 0.0837
Discount kWh	\$ 0.0605	\$ 0.0449	\$ 0.1054
<u>Daily Control/Large</u>			
(12 months sum)	\$ -	\$ 30.00	\$ 30.00
kW	\$ 19.00	\$ -	\$ 19.00
kWh	\$ 0.0603	\$ 0.0274	\$ 0.0877
<u>2 X Weekly Control</u>			
Base Charge	\$ -	\$ 30.00	\$ 30.00
Override penalty	\$ 19.00	\$ -	\$ 19.00
First	\$ 0.0637	\$ 0.0473	\$ 0.1110
Over	\$ 0.0337	\$ 0.0500	\$ 0.0837
Discount kWh	\$ 0.0574	\$ 0.0425	\$ 0.0999
<u>LARGE POWER</u>			
<u>Standard</u>			
Base Charge		\$ 55.00	\$ 55.00
kW	\$ 6.80	\$ 0.25	\$ 7.05
kWh	\$ 0.0435	\$ 0.0363	\$ 0.0798
<u>LARGE POWER - SEASONAL</u>			
Base Charge	\$ -	\$ 67.00	\$ 67.00
kW	\$ 8.40	\$ 1.15	\$ 9.55
kWh	\$ 0.0435	\$ 0.0363	\$ 0.0798
<u>LARGE POWER - INDUSTRIAL</u>			
Base Charge		\$ 233.50	\$ 233.50
Billing kW	\$ 0.50	\$ 5.95	\$ 6.45
First	\$ 0.0662	\$ 0.0137	\$ 0.0798
Next	\$ 0.0302	\$ 0.0206	\$ 0.0507

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

	<u>Approved Rates</u>		
	<u>Power Supply</u>	<u>Dist Wires</u>	<u>Total</u>
<u>LARGE POWER - TIME OF USE</u>			
Base Charge		\$ 55.00	\$ 55.00
On-Peak kW	\$ 17.15	\$ -	\$ 17.15
Off-Peak kW	\$ -	\$ 4.15	\$ 4.15
kWh	\$ 0.0450	\$ 0.0105	\$ 0.0555
<u>CONTRACT 1</u>			
Base Charge	\$ -	\$ 25.00	\$ 25.00
Billing Demand 90%	\$ 1.50	\$ 1.00	\$ 2.50
Billing Demand 75%	\$ 2.50	\$ 1.00	\$ 3.50
Billing Demand 55%	\$ 3.50	\$ 1.00	\$ 4.50
On-Peak kWh	\$ 0.0664	\$ 0.0050	\$ 0.0714
Off-Peak kWh	\$ 0.0432	\$ 0.0050	\$ 0.0482
<u>CONTRACT 2</u>			
Base Charge	\$ -	\$ 9,000.00	\$ 9,000.00
Billing kW	\$ 5.50	\$ 3.50	\$ 9.00
First	\$ 0.0576	\$ 0.0103	\$ 0.0679
Over	\$ 0.0476	\$ 0.0003	\$ 0.0479
<u>CONTRACT 3</u>			
Base Charge	\$ -	\$ 500.00	\$ 500.00
Billing kW	\$ -	\$ 3.35	\$ 3.35
First	\$ 0.0705	\$ 0.0058	\$ 0.0763
Over	\$ 0.0355	\$ 0.0058	\$ 0.0413
<u>RV PARKS</u>			
Base Charge		\$ 50.00	\$ 50.00
Billing kW	\$ 6.70	\$ -	\$ 6.70
kWh	\$ 0.0486	\$ 0.0325	\$ 0.0811
<u>STREET LIGHTS</u>			
<u>Cooperative Investment</u>			
70 Watt HPS	\$ 1.32	\$ 11.58	\$ 12.90
100 Watt HPS - Single/Wood Pole	\$ 1.90	\$ 9.83	\$ 11.73
100 Watt HPS - Single/Steel Pole	\$ 1.90	\$ 14.84	\$ 16.74
100 Watt HPS - Double/Wood Pole	\$ 3.80	\$ 17.88	\$ 21.68
100 Watt HPS - Double/Steele Pole	\$ 3.80	\$ 20.30	\$ 24.10
175 Watt MV - Single/Wood Pole	\$ 3.32	\$ 10.24	\$ 13.56
175 Watt MV - Single/Steel Pole	\$ 3.32	\$ 13.12	\$ 16.44
175 Watt MV - Double/Wood Pole	\$ 6.65	\$ 17.85	\$ 24.50
175 Watt MV - Double/Steele Pole	\$ 6.65	\$ 20.21	\$ 26.86
150 Watt HPS - Single/Wood Pole	\$ 2.85	\$ 12.55	\$ 15.40
150 Watt HPS - Single/Steel Pole	\$ 2.85	\$ 15.69	\$ 18.54
150 Watt HPS - Double/Wood Pole	\$ 5.70	\$ 23.26	\$ 28.96
150 Watt HPS - Double/Steele Pole	\$ 5.70	\$ 25.88	\$ 31.58

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

	<u>Approved Rates</u>		
	<u>Power</u>	<u>Dist</u>	
	<u>Supply</u>	<u>Wires</u>	<u>Total</u>
250 Watt MV - Single/Wood Pole	\$ 4.75	\$ 12.74	\$ 17.49
250 Watt MV - Single/Steel Pole	\$ 4.75	\$ 15.95	\$ 20.70
250 Watt MV - Double/Wood Pole	\$ 9.50	\$ 22.99	\$ 32.49
250 Watt MV - Double/Steele Pole	\$ 9.50	\$ 25.61	\$ 35.11
250 Watt HPS - Single/Wood Pole	\$ 4.75	\$ 16.80	\$ 21.55
250 Watt HPS - Single/Steel Pole	\$ 4.75	\$ 19.68	\$ 24.43
250 Watt HPS - Double/Wood Pole	\$ 9.50	\$ 31.63	\$ 41.13
250 Watt HPS - Double/Steele Pole	\$ 9.50	\$ 33.73	\$ 43.23
400 Watt MV - Single/Wood Pole	\$ 7.60	\$ 16.70	\$ 24.30
400 Watt MV - Single/Steel Pole	\$ 7.60	\$ 19.59	\$ 27.19
400 Watt MV - Double/Wood Pole	\$ 15.19	\$ 30.98	\$ 46.17
400 Watt MV - Double/Steele Pole	\$ 15.19	\$ 33.15	\$ 48.34

Customer Investment

100 Watt HPS - Single/Wood Pole	\$ 1.18	\$ 7.86	\$ 9.04
100 Watt HPS - Single/Steel Pole	\$ 1.70	\$ 8.98	\$ 10.68
100 Watt HPS - Double/Wood Pole	\$ 1.70	\$ 15.65	\$ 17.35
100 Watt HPS - Double/Steele Pole	\$ 3.40	\$ 15.00	\$ 18.40
175 Watt MV - Single/Wood Pole	\$ 3.40	\$ 7.34	\$ 10.74
175 Watt MV - Single/Steel Pole	\$ 2.98	\$ 9.27	\$ 12.25
175 Watt MV - Double/Wood Pole	\$ 2.98	\$ 17.07	\$ 20.05
175 Watt MV - Double/Steele Pole	\$ 5.95	\$ 15.15	\$ 21.10
150 Watt HPS - Single/Wood Pole	\$ 5.95	\$ 6.16	\$ 12.11
150 Watt HPS - Single/Steel Pole	\$ 2.55	\$ 11.21	\$ 13.76
150 Watt HPS - Double/Wood Pole	\$ 2.55	\$ 20.57	\$ 23.12
150 Watt HPS - Double/Steele Pole	\$ 5.10	\$ 19.27	\$ 24.37
250 Watt MV - Single/Wood Pole	\$ 5.10	\$ 8.99	\$ 14.09
250 Watt MV - Single/Steel Pole	\$ 4.25	\$ 11.53	\$ 15.78
250 Watt MV - Double/Wood Pole	\$ 4.25	\$ 21.56	\$ 25.81
250 Watt MV - Double/Steele Pole	\$ 8.51	\$ 19.32	\$ 27.83
250 Watt HPS - Single/Wood Pole	\$ 8.51	\$ 9.18	\$ 17.69
250 Watt HPS - Single/Steel Pole	\$ 4.25	\$ 14.88	\$ 19.13
250 Watt HPS - Double/Wood Pole	\$ 4.25	\$ 30.13	\$ 34.38
250 Watt HPS - Double/Steele Pole	\$ 8.51	\$ 26.47	\$ 34.98
400 Watt MV - Single/Wood Pole	\$ 8.51	\$ 11.86	\$ 20.37
400 Watt MV - Single/Steel Pole	\$ 6.80	\$ 15.01	\$ 21.81
400 Watt MV - Double/Wood Pole	\$ 6.80	\$ 32.76	\$ 39.56
400 Watt MV - Double/Steele Pole	\$ 13.61	\$ 26.28	\$ 39.89

SECURITY LIGHTS

175 Watt MV	\$ 2.84	\$ 9.13	\$ 11.97
100 Watt HPS	\$ 2.84	\$ 8.63	\$ 11.47
35 Watt LPS	\$ 2.84	\$ 6.42	\$ 9.26
Poles	\$ -	\$ 2.05	\$ 2.05

UNMETERED

Base Charge	\$ -	\$ 16.50	\$ 16.50
kWh	\$ 0.0869	\$ 0.0050	\$ 0.0919